

JPRS 74885

8 January 1980

Latin America Report

No. 2092



FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Indexes to this report (by keyword, author, personal names, title and series) are available from Bell & Howell, Old Mansfield Road, Wooster, Ohio 44691.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

REPORT DOCUMENTATION PAGE		1. REPORT NO. IPRS 74885	2.	3. Recipient's Accession No.
4. Title and Subtitle LATIN AMERICA REPORT, No. 2092			5. Report Date 8 January 1980	
7. Author(s)			6.	
9. Performing Organization Name and Address Joint Publications Research Service 1000 North Glebe Road Arlington, Virginia 22201			8. Performing Organization Rept. No.	
12. Sponsoring Organization Name and Address As above			10. Project/Task/Work Unit No.	
			11. Contract(C) or Grant(G) No. (C) (G)	
15. Supplementary Notes			13. Type of Report & Period Covered	
			14.	
16. Abstract (Limit: 200 words) The serial report contains articles on political and sociological developments in major areas of Latin America, as reported primarily from Latin American newspapers and periodicals. It also includes information on major segments of Latin American economy, geography, culture, and ethnography.				
17. Document Analysis a. Descriptors				
Political Science	<input checked="" type="checkbox"/> Inter-American Affairs	<input checked="" type="checkbox"/> Haiti		
Sociology	<input checked="" type="checkbox"/> Argentina	<input type="checkbox"/> Honduras		
Economics	<input type="checkbox"/> Barbados	<input checked="" type="checkbox"/> Jamaica		
Culture	<input checked="" type="checkbox"/> Bolivia	<input checked="" type="checkbox"/> Mexico		
Ethnology	<input checked="" type="checkbox"/> Brazil	<input type="checkbox"/> Netherlands		
Technological	<input checked="" type="checkbox"/> Chile	<input type="checkbox"/> Antilles		
Geography	<input checked="" type="checkbox"/> Colombia	<input checked="" type="checkbox"/> Nicaragua		
	<input checked="" type="checkbox"/> Costa Rica	<input checked="" type="checkbox"/> Panama		
	<input checked="" type="checkbox"/> Cuba	<input type="checkbox"/> Paraguay		
	<input checked="" type="checkbox"/> Dominican Republic	<input type="checkbox"/> Peru		
	<input type="checkbox"/> Ecuador	<input checked="" type="checkbox"/> Trinidad-Tobago		
	<input type="checkbox"/> El Salvador	<input checked="" type="checkbox"/> Uruguay		
	<input checked="" type="checkbox"/> Guatemala	<input checked="" type="checkbox"/> Venezuela		
	<input checked="" type="checkbox"/> Guyana			
	<input checked="" type="checkbox"/> Grenada			
b. Identifiers/Open-Ended Terms				
c. COSATI Field/Group 5D, 5C, 5K				
18. Availability Statement Unlimited Availability Sold by NTIS Springfield, Virginia 22161		19. Security Class (This Report) UNCLASSIFIED		21. No. of Pages 201
		20. Security Class (This Page) UNCLASSIFIED		22. Price

8 January 1980

LATIN AMERICA REPORT

No. 2092

CONTENTS	PAGE
INTER-AMERICAN AFFAIRS	
Internal Events Remolding Foreign Policy in LA Countries (Felix Pena; LA NACION, 24 Oct 79).....	1
Camilion Defends Positive Aspects of Corpus Agreement (LA OPINION, 27 Oct 79).....	4
Perceptions of Figueiredo's Motives To Visit Argentina (Various sources, 20 Nov, 2 Dec 79).....	6
Brazilian Interests Writer's Speculations, by Martin Olivera	
Interpol Pursuing Presumed Islamic Commando Group in Mexico, Panama (LATIN, 23 Dec 79).....	11
Briefs	
Brazil Buys Argentine Locomotives	12
Nicaragua Buys Mexican Buses	12
ARGENTINA	
Beagle Situation as Seen by Church, Public Officials (Various sources, various dates).....	13
Leal on Border Conflict, by Jorge Leal Optimism of Primatesta, Aramburu Commentary on Pope's Statements	
Better Relations Sought Toward Stabilization of Region (Nicanor Costa Mendez; LA NACION, 25 Nov 79).....	19

CONTENTS (Continued)

Page

'LA NACION' Comments on Figueiredo's Impending Visit (LA NACION, 21 Nov 79).....	22
Editorial Reproves Andean Group Declaration (Editorial; LA NACION, 19 Nov 79).....	23
Economy Minister, Stock Exchange Head Discuss Economy (Various sources, 2, 6 Dec 79).....	25
State Intervention Opposed Inflation Rate Claimed Lower	
Central Bank Lowers Reserves, Frees Over 5 Billion Pesos (CLARIN, 1 Dec 79).....	32
Ondart Calls for Efforts To Step Up Oil Production (CLARIN, 22 Oct 79).....	34
Petroleum Extraction Reaches Record Daily Average (LA NACION, 24 Oct 79).....	36
Industrial Union Issues Critical Document on Economy (Sebastian Barbara; CLARIN, 23 Oct 79).....	38
Industrialists' Document Causes Rift Within Sector (LA NACION, 24 Oct 79).....	41
Reportage of Agricultural Sector (Various sources, various dates).....	43
Agriculture Secretary's Remarks Panel Analyzes Grain Trade Insufficient Land Use Agriculture Secretary Comments USDA Harvest Estimates High Winds Damage Reported Expansion of Soybean Crop Santa Fe Soybean Crop CNIE Farm Program	
PEN Approves Reports to Grain Law (LA NACION, 27 Nov 79).....	58
Compensatory Support Price Demanded for Sunflower Seed Crop (CLARIN, 26 Nov 79).....	63

CONTENTS (Continued)

Page

Briefs

Bankruptcies Rise

65

BOLIVIA

Commentator Sees U.S. Losing Allies

(Radio Fides, 21 Dec 79).....

66

Briefs

Armed Forces Promotions Announced

68

Prefect of Oruro Department

68

New Natural Gas Price

68

Ambassador From Ecuador

68

BRAZIL

Congress Approves National Budget for 1980

(O GLOBO, 27 Nov 79).....

69

Risk Contracts Made More Flexible; First Contracts Signed

(Various sources, various dates).....

71

Government Goals, Policies

Probable New Areas

Problems and Distortions

Sao Paulo State Consortium

Pre-Qualified Firms Listed

November Production Figures

Recent Developments in War Materiel Industry Reported

(Various sources, various dates).....

77

Industry Restructuring Studied

Arms Sale Abroad Approved

GM and ENGESA Tank Engine

Rio May Get Plant

EMBRAER Exports Reported

Briefs

Torturers Should Be Tried

83

Commentator Sees Khomeyni in Trouble

83

Cathedral Bombed

84

Guinea-Bissau President Visit

84

Steel Export Surplus

84

Sentenced Dismissed

84

CONTENTS (Continued)

Page

CHILE

U.S. Measures To Punish Chile Will Have 'Minimal Effect' (EL MERCURIO, 1 Dec 79).....	85
Unemployment Increases, Columnist Examines Causes (LA TERCERA DE LA HORA, 7, 21 Nov 79).....	87
Rise to 13 Percent Origin, Future Analyzed, by Rolf Luders	

COLOMBIA

'Colombianization' of Banking System Defended (EL SIGLO, 18 Nov 79).....	91
Atlantic Coast Electrification Expansion Planned (Infante Moreno; EL TIEMPO, 26 Nov 79).....	93
Alcohol To Replace 20 Percent of Gasoline Now Used (EL TIEMPO, 21 Nov 79).....	95
New Oil Strike, Other Energy Sources Discussed (EL ESPECTADOR, 24 Nov 79).....	97
INGEOMINAS: 40,000 Tons of Uranium Estimated (EL TIEMPO, 5 Nov 79).....	99

COSTA RICA

Briefs	
Coffee Revenue	100
Labor Unions Statistics	100

CUBA

Economic Situation Reflected in Crime Reports, Firings (Various sources, various dates).....	101
Anti-Crime Drive Discussed, by Irene Izquierdo	
Negligent Manager Fired	
Butchers Swindled Customers	
Black Market in Produce, by Arturo Bulies	

CONTENTS (Continued)

Page

'VERDE OLIVO' Features Criminal Investigation Report (P. E. Cabrera; VERDE OLIVO, Nov 79).....	105
Crimes of Piracy, Mercenary Service Defined (Eidy Carranza; GUERRILLERO, 17 Oct 79).....	117
Irregularities, Deficiencies, Violations Reported (TRABAJADORES, 17 Nov 79).....	119
Mistreatment of Consumers Charged, by Manuel Poll Day Care Center Deficiencies, by Graciela Arbolay Worker Discipline Violations, by Edith Martin	
Cubana Airlines Technicians Take Flight Recorder Course (Yayo Morejon; BOHEMIA, 9 Nov 79).....	121
Bread Quality Deficient in Almost All Provinces (Renato Recio; TRABAJADORES, 22 Nov 79).....	128

DOMINICAN REPUBLIC

Briefs	
Bosch on Emigration	130

GRENADA

Briefs	
Ambassador to Venezuela	131

GUATEMALA

Communist Leader Interviewed in Caracas (TRIBUNA POPULAR, 7-13 Dec 79).....	132
--	-----

GUYANA

Briefs	
Refugee Acceptance	135
Cars From the USSR	135

HAITI

Briefs	
Petroleum Rumors Denied	136

CONTENTS (Continued)

Page

JAMAICA

Seaga Says Government 'Cannot Last Through 1980' (DAILY GLEANER, 17 Dec 79).....	137
Manley Says Future Has 'Serious Problems' for Country (SUNDAY GLEANER, 16 Dec 79).....	141
Manley Says He Will Not Call Early Elections (DAILY GLEANER, 17 Dec 79).....	144
Businessmen Told Not To Be Disturbed by Threat of Communism (DAILY GLEANER, 11 Dec 79).....	146
'GLEANER' Calls for New IMF Methods (Editorial; SUNDAY GLEANER, 16 Dec 79).....	147

MEXICO

Briefs	
Mexico City's 1980 Budget	149

NICARAGUA

Newscast Closings Stir Row Over Political Pluralism (BARRICADA, 1 Dec 79).....	150
Article Says Propaganda Must Center on Production, Economy (BARRICADA, 25 Nov 79).....	152
Sandinist Official Discusses Economic Recovery Plan (Radio Sandino, 12 Dec 79).....	154
Commander Henry Ruiz Explains 1980 Economic Plan (Managua Domestic Service, 22 Dec 79).....	156
Editorial Comments on Economic Plan's Significance (Editorial; BARRICADA, 10 Dec 79).....	158
D'Escoto, Ramirez See Church Backing Revolution, Socialism (BARRICADA, 24 Nov 79).....	160
Cardenal Announces Rebuilding of His Island Commune (BARRICADA, 25 Nov 79).....	163

CONTENTS (Continued)

Page

Chambers of Commerce Convention Issues Final Document (ACAN, 15 Dec 79).....	164
Official Explains Importance of New Rental Law (Managua Domestic Service, 21 Dec 79).....	166
Briefs	
Coffee Harvest	168
Tobacco Production	168
Civilian Pilot's School	168
Government House Security	168
Christmas Shopping	168
Energy Institute Directive Council	169
UNESCO Aid	169
Fishing Largest Export	169

PANAMA

President, Labor Leaders View Problems (Televisora Nacional, 14 Dec 79).....	170
---	-----

TRINIDAD-TOBAGO

'GUARDIAN' Blames Government for Civil Service Problems (Editorial; SUNDAY GUARDIAN, 16 Dec 79).....	173
---	-----

URUGUAY

Ferreira on Election Plans; Says Regime Has Short Life (Wilson Ferreira Aldunate Interview; MUNDO OBRERO, 13 Nov 79).....	175
BROU Head Relates Bank's Role in Exportation Growth (EL PAIS, 22 Nov 79).....	178
Rear Admiral Speculates on Investment in Free Zones (EL PAIS, 21 Nov 79).....	182
Dam Projects Revitalized for Queguay, Cunapiru Waterways (EL PAIS, 10 Nov 79).....	186

VENEZUELA

Extreme Left Wins SIDOR Union Elections (EL UNIVERSAL, 25 Nov 79).....	189
---	-----

CONTENTS (Continued)

Page

Special Projects Require Large Expenditures (EL NACIONAL, 27 Nov 79).....	190
Briefs	
Castro Visit Possible	193
Trade With Poland	193

INTERNAL EVENTS REMOLDING FOREIGN POLICY IN LA COUNTRIES

Buenos Aires LA NACION in Spanish 24 Oct 79 p 9

[Article by Felix Pena: "Our Presence in Latin America"]

[Text] The signing of the tripartite agreement between our country, Brazil and Paraguay removes one of the obstacles preventing our foreign policy from concentrating on more important goals within the region. And this is good, since Argentina's presence in Latin America is not at all related to the area's political and economic importance for our own development and security or to other countries' expectations concerning our possible contributions to the region.

It seems more and more urgent to concentrate efforts and resources in a foreign policy geared toward a Latin America experiencing a rapid process of internal change in several countries and in which the effects of a distribution of power among the various countries are observedly different from that of no more than a decade ago. Two situations are simultaneously the cause and effect of a new arrangement of regional power and of an incipient but strong trend toward understandings and types of action previously unimaginable: there is the "oil situation," which will cause the national development and the overall and regional foreign policy of three of the four largest Latin American countries, for many years to come, to hinge on the ability to export the vital product (Mexico and Venezuela) or the need to assure its supply (Brazil); and the "Andean situation which on the basis of an agreement for economic integration, has suddenly introduced a new factor of power in regional politics and which partly reflects a special internal policy situation of the five nations composing the Andean Group, as well as Venezuela's new capacity for international action. The visits of foreign affairs minister Saraiva Guerreiro to Venezuela, of presidents Morales Bermudez and Lopez Portillo to Brazil, of President Figueiredo to Venezuela and the Cartagena Pact Council's invitation to visit Brasilia are indications of the results which Brazil's present government has extracted from these two situations.

If something can be predicted for future years, it is a steady increase in political and economic interaction in the context of a regional system which has gone beyond the "threshold of interdependence." And observing current

reality, it is also possible to predict that energy, food and processing technology will be factors that will foster greater interdependence, whether in the sense of conflict or cooperation. With regard to these three factors, Argentina has much to say and to contribute, as do other countries both within and outside the region.

It is in Argentina's interest for Latin American interdependence to be organized and cooperative. Tensions and conflicts, regardless of their origins, do not contribute to the goals of development and interdependence in a world deep in crisis. From this standpoint, restructuring the LAFTA takes on political importance, so that it can be turned into an effective mechanism for promoting preferable trade and industrial complementarity. Regional economic integration continues to be a very important political goal for the country. But it must be conceived on the basis of criteria which are realistic in terms of means and ambitious in terms of aims. Excessive pragmatism and realism have often inhibited the country's ability to act boldly on the regional level. And the opposite has been true of some of our partners, thus helping to undermine the very idea of integration.

Many paths lead to the goal of greater economic integration in Latin America. This explains the existing institutional pluralism in the region, in which the LAFTA, SELA [Latin American Economic System] and the Andean Group are keys to building a Latin American system of economic solidarity and cooperation. In the Latin American Council's recent meeting, Argentina was able to demonstrate that the SELA can be a highly useful tool in relations with third countries and for counteracting the growing trends toward protectionism in industrialized nations. And the SELA could be useful in many other ways if the country intends to take advantage of its potential for multilateral cooperation. The Andean Group would also require greater attention, as soon as its economic potential and political importance in the arrangement of regional power can be evaluated. Argentina must move closer to the Andean Group with political discretion and aggressiveness in order to establish an agreement for economic and technical cooperation. Gambling on the Andean Group's failure or being inhibited because of superficial interpretations of its political strength may be contrary to the national interest and to the pragmatic criteria which must guide the foreign policy of a mature nation.

To be effective, the LAFTA must thoroughly examine, as a result of the restructuring scheduled for 1980, the strategy of partial achievements of the common goal. This was the Frondizi government's original strategy when the LAFTA was established. And it is the strategy begun years ago within the Association itself, with the agreements on industrial complementarity, and forcefully pushed by the Andean countries after the Cartagena Pact was signed in 1969. Bilateral, sectoral or subregional partial programs, duly coordinated and based on more far-reaching overall objectives, are the legitimate, realistic means for carrying out a process of regional integration. This is the purport of the proposal which the national government has made in regard to restructuring the LAFTA and which we and apparently several associated countries also share.

But to be a real tool of national development, the game rules of "the LAFTA of partial programs" must be based on a modicum of stability. Lack of stability and predictability affects legal security and discourages industry from adopting investment decisions. Trade preferences must offer an adequately broad time span to have an effect on the investments of industrialists. Otherwise they are unimportant.

The LAFTA and SELA can and must complement each other in their functions. Argentina would gain an advantage by actively participating in either organization. But active participation in multilateral forums does not exclude necessary bilateral relations. On the contrary, it must serve to facilitate relations of close cooperation with all countries in the region. Brazil and the other adjacent countries, the Andean nations and Mexico are all important partners for a country which must throw itself into the region, without complexes or preconceptions, to strengthen its own presence in the world. Paying intense attention to all aspects of our regional policy means not being bound by false priorities and contradictions. There is no conceptual or strategic limitation for doing so: it only requires allocating adequate human resources for the formulation and implementation of foreign policy. The country has such resources.

The "tripartite agreement" opens the way to an unlimited understanding between Argentina and Brazil. Without eliminating the profound changes which have occurred in the internal and external, as well as regional and international, realities of both countries, perhaps the time has come to project the Uruguayan spirit into the decade of the eighties. Joined with Venezuela and Mexico, the two countries would be able to take specific steps in the area of regional cooperation. Altogether, the four countries represent 64 percent of the Latin American population, 75 percent of the gross product and 55 percent of exports. Their chances are as vast as the energies which the adventure of rational Latin American development will require.

11915

CSO: 3010

INTER-AMERICAN AFFAIRS

CAMILION DEFENDS POSITIVE ASPECTS OF CORPUS AGREEMENT

Buenos Aires LA OPINION in Spanish 27 Oct 79 pp 10-11

[Text] Posadas--"I think that when a country signs a document, it must comply with it, that is considered to be obvious. I have no doubt that Brazil and Paraguay will keep their promise," the Argentine ambassador to Brazil, Dr Oscar Camilion, said in a report published by EL TERRITORIO, this city's daily newspaper.

The diplomat spoke at length about the choices in the process which led to the signing of the tripartite agreement on coordination of the Corpus and Itaipu dams and defended the agreement providing for a 105-meter height of Corpus, 18 turbines for Itaipu and compliance with navigational parameters on the Parana River, with a flow volume variation of no more than 50 centimeters per hour and 2 meters daily at the elevation of the Iguazu River.

Dr Camilion confirmed the interest of Argentina and Brazil in constructing the Garabi dam on the upper Uruguay River as the first choice over the other two studied (Panambi-Roncador and San Pedro) and let it be known that the agreement for construction of the bridge between Puerto Iguazu and Puerto Meiras in Brazil will be signed at the time of the Brazilian president's visit to Buenos Aires, indicating that Gen Joao Baptista Figueiredo's trip is tentatively scheduled for March.

He also acknowledged the possibility of arranging a joint study between the two countries for utilization of Iguazu Falls "without changing the natural setting of the cataracts," he stated.

But Dr Camilion reiterated that "Corpus will particularly be of the utmost importance for Misiones Province." As for the criticism of the tripartite agreement by certain Argentine circles, he played down its importance. "The matter would have to be resolved under the best conditions"--he said--"they are stipulated in the document."

When journalists told him of their misgivings about the future site of the Corpus dam, whether at Ita-Cua, Pindoí or Garupa, which will mean the

flooding of fertile lands and old villages in Misiones, the Argentine ambassador's exact words were "Look, tortillas cannot be eaten without breaking eggs. The benefits for Misiones will be enormous, but a price will naturally have to be paid.

It should be pointed out that Dr Camilion explained that he did not know the ultimate site where Corpus would be built, but in closing he warned that "If there is too much pressure and if problems develop in regard to this matter, there is the danger that Argentina may instead direct its efforts toward the middle Parana and we may lost the project, which is essential not only for Misiones but also for the entire country. Corpus has absolute priority, it must definitely be built"--he pointed out--"and this must be carried out as soon as possible."



[Caption:] Ita-Cua (A), Ita-Curubi (B) and Pindoi (C), the possible sites for Corpus. Our country prefers Pindoi, which is the farthest site from Yacyreta. Camilion talks instead about the Ita-Cua idea.

11915
CSO: 3010

PERCEPTIONS OF FIGUEIREDO'S MOTIVES TO VISIT ARGENTINA

Brazilian Interests

Buenos Aires ULTIMA CLAVE in Spanish 20 Nov 79 pp 456.7-456.8

[Text] After Figueiredo's presidency began, there was every evidence that Brazil had made a wide diplomatic turn, whose consequences can still not be fully comprehended. In this vast Brazilian maneuver some points of reference which seem clear and stable can be perceived. Let us see:

1) Brazil has developed an energetic and active diplomacy, seeking with a certain amount of anxiety, and even urgency, to make its petroleum supplies more free-flowing and secure. At the end of last week--in the midst of a great debate over the efficiency of PETROBRAS--it became known that the supply of oil on hand was only enough to supply the market for 2 weeks.

No one can say that Brazil has not made enormous efforts to minimize its vulnerability in energy. They dared to complete the Itaipu dam--taking the risk of upsetting the equilibrium of the whole geopolitics of the River Plate Basin--and they set in motion every alternative technical development like the utilization of alcohol. They tried to complete the uranium cycle in agreement with the Federal Republic of Germany, and with stubborn opposition from Washington, and they defied the extensive Jewish community by permitting the setting up of an office of the PLO.

A trip through the Middle East has been programmed for Figueiredo, and very definite bridges have been extended towards Mexico and Venezuela. In order to strengthen these energetic contacts, Brazil has had to turn toward a democratic orientation, seemingly putting to one side the role of police-man-state which it claimed in other times. With regard to Argentina, Brazil's energetic pressures have not served to balance very much the state of things in the River Plate Basin. In Corpus Itamaraty obtained an ideal agreement--for its own interests, it is understood--and now is getting ready to "make us the concession" of beginning on Garabi on the Upper Uruguay. Yes, it is even possible that they will grant us the high privilege of collaborating with them in nuclear technology!

2) From a strictly geopolitical angle, Brazil has succeeded in freezing the problems of the River Plate Basin at an optimum point, with the unique "accident" of the Bolivian gas, which still could be resolved in its favor, keeping in mind the desperate condition of the economy in the mountain country. By completely avoiding greater conflict on the southern front, Brazil has been able to dedicate itself to tasks of rapprochement in the Amazon region, and it perhaps seeks to "collaborate" with Venezuela in the iron and steel region of the Orinoco.

To avoid the suspicions which have flourished among some members of the Amazon Pact, Brazil has used the method of flattering the countries of the Andean Group, which practically coincide with those which have interests in the Amazon region. To carry out this transformation of its policy--in 1972-3 Itamaraty had denounced the Andean Group as a threat to its national security--Brazil had counted on the total withdrawal of Argentina, which never had, it must be admitted, a coherent policy towards the Cartagena Agreement

3) In order to avoid falling into isolation like that suffered by Chile and Argentina, Brazil has speeded up and deepened its program of democratization. The Planalto has faced up to the risks of electoral agitation and social protest, and it even can be said that it stimulates ideological debate and partisan activity. Of course military governments have already been in power in Brazil for 15 years.

Perhaps this choice should not surprise anyone who knows how the Brazilian economy is integrated into the international context. These are times of crisis for the whole western system; and Brazil, after all, has only recently arrived--a "new industrialized country"--in the world's markets. The possibility of continuing to enjoy certain preferences regarding investments and international trade exists in inverse proportion to the degree of autocracy which prevails in its national society. Brazil seeks to increase its industrial development and its export capacity on the basis of always offering "something more" to the powers who rule the destinies of the West. That "something more" in its time--1964--was a strict order so that the great transnational corporations could develop without fears of radicalization of the political process. Now it is being changed into something else; perhaps into a "model" democracy, controlled, pluralistic, and possessing all the color and rhythm which the Brazilians are capable of introducing into their community enterprises.

It has been announced that Figueiredo will make a trip to Argentina at an undetermined date, as a result of a telephone invitation which President Videla made him a few days ago. In conformance with the line that, with few exceptions, has characterized the analysis of Argentine-Brazilian relations in recent years, the visit of Figueiredo has already begun to be praised as a "great opportunity" for Argentina. Everyone says that once the obstacle of Corpus-Itaipu is overcome (it does not much matter how) it will open the prospect of a total reestablishment of bilateral relations, suitable for arriving at cooperation and trade agreements, which are reputed to enormously beneficial for Argentina.

No one has any doubt that the Parana crisis required some kind of solution. For some uninformed people the settling of the question resulted from the removal from Itamaraty of the "uncontrolled" Azeredo da Silveira. Others, like Admiral Rojas in Argentina and Terezinha Costa in Brazil, prefer to think that the agreement was a result of Argentina's accepting the conditions already imposed by Brazil in 1974. In any case, if Argentina had ruled out the premise of a confrontation with Brazil, a few meters more or less of coast in Corpus do not make a substantial difference. But it would be an erroneous assumption if it is thought that what happened with Corpus was a triumph, and if the atmosphere is prepared for the achievement of other similar "triumphs": Upper Uruguay, nuclear cooperation, exports of Brazilian manufactured goods for sales of Argentine wheat, and other delicacies on public display when it is a question of analyzing Argentine-Brazilian relations.

Perhaps sane realism--which is too often absent when there is thinking about the international context in which Argentina necessarily must move--would indicate that we should drop out the competition with Brazil for leadership in South America. Everyone knows how the economic indicators of the last 15 years have shown a decisive advantage for Brazil in almost all the indices which make for the development of a country. If this is how it is, and Argentina has accepted the fact of a secondary role in the region, it should pause and carefully evaluate what are the practical consequences of a policy which departs from this assumption. Because even within this premise, which we in no way consider acceptable or accepted, there exist variants and options which urgently need to be clarified. It is very possible that if Figueiredo follows the path of Vargas and steps into Argentine soil, it will give rise to a broad debate on the subject, and those who wish to know what is going on may be freed from their many doubts.

Writer's Speculations

Buenos Aires CONVICCION in Spanish 2 Dec 79 p 11

[Article by Martin Olivera]

[Text] The unexpected postponement of the meeting of the foreign ministers of the River Plate Basin; the announcement--later denied, but not very strongly--that Brazil would buy oil from Argentina over a 5-year period, and the vagueness surrounding the date of the announced visit of President Joao Baptista de Figueiredo to Buenos Aires all fit into the broad outlines of the picture of Itamaraty's present policy.

The first item is the easiest to interpret. Despite what certain observers said, the meeting of foreign ministers, which should have finalized this week, was not suspended because of the unstable political situation in Bolivia, but because of the lack of important subjects for the agenda.

There is nothing strange about this, since very little has taken place within the organization in its 12 years of existence. Normally, these conclaves of ministers are used for the discussion of related subjects with Corpus and Itaipu the "star" topics in recent years. Since this fighting issue has ended, what is there to talk about now? Perhaps the dams of the Upper Uruguay, but Brazil prefers to deal with the subject in a low key, because of the criticism that these projects will certainly receive in various Argentine circles. Better to leave them for Figueiredo to deal with; but when?

This point, they say, was going to be cleared up between foreign ministers Saraiva Guerreiro and Pastor in the free time that they would have during the River Plate Basin meeting. But when this was canceled, Saraiva hastened to report that he would not come to Argentina, and that the dates for Figueiredo would be decided by traditional diplomatic channels.

Looking at the matter with suspicion--well-intentioned, of course--it can be perceived that there has been an abrupt slowdown on the Brazilian side regarding the details of Figueiredo's trip. Let us not forget that the Brazilians were the ones who pressured for the invitations, and who intentionally let it leak out that everything would be worked out in the River Plate Basin.

One of the possibilities which is being passed around in diplomatic circles to explain this change is that, once the visit was agreed upon, Itamaraty went to work to analyze what date would be convenient; and from this study it must have appeared that it was better to wait for a while (perhaps until the political attitude was known, or the repercussions of the trade-union law could be better measured) before agreeing on a month for the trip.

It must be remembered that the authorities in Brasilia are trying to squeeze the most juice possible out of this situation, with the almost natural Argentine innocence and the good manners of the governing administration--if they are lacking, they will remind us of Azeredo da Silveira--protecting them in the current diplomatic idyll. Because of this, they can not risk choosing a bad moment.

Meanwhile, since time is golden, rumors about the areas of mutual cooperation which can be developed continue to spread, bolstered up by the magical attraction of oil.

This week some versions had it that in 1985, when it will be self-sufficient and will have surplus petroleum, Argentina would be able to sell the longed-for energy elixir to its principal neighbor, who is suffocated by its huge consumption and its own nonexistent production. Naturally, as is usual in these cases, they were later denied.

What can be considered sure in all this? Probably nothing for now, although commercially the possibility exists, since Brazil's energy problems are very

critical, and have made it mortgage its political future seriously, as by the opening in their territory of an office of the Palestine Liberation Organization (PLO), which is becoming more popular every day, despite its schools for terrorists.

However, an operation of this nature is not easy for the Brasilia government politically, unless the quantity to be acquired would be replaceable in other markets, or perhaps unnecessary. This it is not, because, as is clear from the previous paragraph, oil creates dependence, and Itamaraty is cultivating dependence, but the other way around. Its traditional intention is not that Brasilia should depend on Buenos Aires, but that Buenos Aires should depend on Brasilia. No matter how the pressure can be applied, and with the Khomeynis nothing is sure, the transactions should not be flatly ruled out, when and if our production allows it.

Also, however puerile it may seem, it is not bad for Itamaraty's interests for the Argentines to keep their thoughts on oil, since at least in this way they do not pause too long to notice how Brazilian expansion towards the west via Paraguay is continuing day by day.

Because of this, despite the danger of being repetitive, it is worthwhile making it clear that the rapprochement with Brazil is a good thing, but it could be dangerous to see the ant in front, and not the elephant in the rear.

8131

CSO: 3010

INTER-AMERICAN AFFAIRS

INTERPOL PURSUING PRESUMED ISLAMIC COMMANDO GROUP IN MEXICO, PANAMA

PA231930 Buenos Aires LATIN in Spanish 1857 GMT 23 Dec 79 PA

[Text] Mexico City, 23 Dec (LATIN)--International Police (Interpol) is looking for six men and two women in Panama and Mexico. They are presumed to be members of an Islamic commando group ordered to kill the deposed shah of Iran, Mohammad Reza Pahlavi, a police spokesman reported here today.

The spokesman, who asked that his name not be given, told LATIN the possible commando group (?is) already in Panama after being organized in Mexico. It entered Mexico through Lazaro Cardenas port, Michoacan, about 400 km southwest [of here] on the Pacific coast.

According to the sources, the commando group has been trained to undertake dangerous missions.

The report which has not been confirmed by Interpol, surfaced after Lacadon Indians in the Chiapaneca Sierra in the southeast reported last week the existence of a camp where a group of men and women were practicing guerrilla tactics.

The report led Mexican police to send forces to the Sierra to look for the camp. The results of the investigation have still not been disclosed.

According to the police spokesman, the search for the alleged Islamic commando group is being coordinated from the Interpol office in Mexico by Mexican, Panamanian and U.S. agents.

CSO: 3010

INTER-AMERICAN AFFAIRS

BRIEFS

BRAZIL BUYS ARGENTINE LOCOMOTIVES--Rio de Janeiro, 7 Dec (TEL/M)--The Brazilian Foreign Trade Department (CACEX) announced that the Transport Ministry approved the purchase of 11 locomotives worth \$900,000 from Argentina. [Buenos Aires TELAM in Spanish 1230 GMT 7 Dec 79 PY]

NICARAGUA BUYS MEXICAN BUSES--Franklin Sequeira, the companero responsible for the operation of the National Transport Directorship, a state enterprise, told La Voz de Nicaragua during a news conference that the Nicaraguan Government has bought 150 buses from Mexico. These buses will aid greatly in solving Managua's bus problem. [PA142312 Managua Domestic Service in Spanish 0330 GMT 14 Dec 79 PA]

CSO: 3010

BEAGLE SITUATION AS SEEN BY CHURCH, PUBLIC OFFICIALS

Leal on Border Conflict

Buenos Aires CLARIN in Spanish 14 Nov 79 p 10

[Article by retired Gen Jorge Leal: "Opinion on the Chilean Border Issue: 'Balkanization'"; passages enclosed in slantlines printed in boldface]

[Text] It is past history and has been demonstrated that, when Great Britain could not conquer us with arms in its invasions, it decided to — and did — conquer us economically. Our troubled and at times incomprehensible coming of age as a nation that seems to be engaged in a never-ending search for its proper direction is largely as a result of this situation — and of another one we will discuss later. I wish to make it clear that I am not indulging in a materialistic interpretation of our history. I am limiting myself to drawing a conclusion from something that has been demonstrated with documentary proof by many Argentines and has also been noted by foreigners who have delved into our past.

I believe that, unless we want to ultimately lose our direction, we have to /"pause in our thinking to effect a much-needed evaluation of the basic factors that are relevant to the situation"/ (to complete a statement I read a few days ago in this newspaper), but with one basic condition: That this evaluation should not be limited only to the disputes and problems we are at the present time involved in, because we would then run the well-known risk of not being able to see 'the forest for the trees and, therefore, once again make a mistake. And furthermore, it is essential that this evaluation be correct and that "we can see the forest," that this be accompanied by a faithful and authentic examination of our "true" history. /This analysis will show us how to rectify the errors committed in the course of a century and a half or how to correct their consequences, in such a way as to determine once and for all the path Argentines must begin to follow./

Such a commitment would be a broad and complex one — and not one suited to a note in a newspaper article — but if no more than as an example of such high-minded concern, I propose to consider from the viewpoint I have suggested the dispute over southern borders we are engaged in with our Chilean brothers.

"Balkanization" is a term that has appeared in this century to describe how a region anywhere in the world can, without any real basis, be separated and divided in terms of interests that have nothing to do with the region thus fragmented. But it is the case that, even though the term had not yet been invented, we here in Latin America were balkanized in the last century and that is when all of our misfortunes and problems began, because "divide and conquer" was a motto that produced — and still produces for those that have inherited it — juicy results, although its fruits naturally work to the detriment of those who are divided.

A Latin-American union was in the minds and hearts of the true fathers of emancipation. San Martin, Belgrano, Bolivar, Artigas, Moreno, Dorrego, Guemes — among others — are the illustrious names that bear witness to this aspiration. Tucuman's worthy declaration of 1816 begins with these words: "We, the representatives of the provinces of South America..." And we could go on like this listing notable predecessors.

Given just this assumption, it is only right to ask ourselves a few questions: If we Latin Americans had been united, which of the wars that caused the spilling of so much of our brothers' blood would have taken place? During our different "wars of independence," how many revolutions and military coups could we have spared ourselves in our unfortunate countries? So many that not even the most well-intentioned of them in the end settled or will settle anything because they do not attack the real evil which has a common and primordial origin: defenselessness, a product of the fragmentation. And here, parodying Stuart Mill, we must say that these riotous mobs, which are not aimed at eliminating the great evil, are like those minor remedies that do not even produce minor results; they simply produce no results.

If as a result of our being divided we are exploited and have little or no influence on international agreement, why do we not do what we have to do to "debalkanize ourselves"? It goes without saying that such a decision would imply the will to lessen and/or get rid of the problems that may separate us and much more will-power will be indispensable to counteract the tricks and machinations with which the affected interests will react.

It is not hard to imagine the advantages of such a union, which ought to begin as an economic union to later become a political federation.

The NEC is an example of how very important questions like ethnic group, language, religion, history, secular wars, etc. (which is not exactly the case in Latin America) can be surmounted when, through high-minded ideals or concrete interests, unity is achieved.

/Over 200 million human beings in a political community constitute a very big domestic market. The raw materials to be found in our countries — which are of all conceivable kinds — mean that such a domestic market and the corresponding industries would be fully provided for./

And a prosperous, well-fed and self-sufficient community is a strong one, one that lets itself be heard in all international forums, that can serve as an example for the rest of the world.

In the face of such a grandiose and positive possibility, a dispute between Argentina and Chile would mean a setback of centuries for the so sorely needed — as I believe I have briefly demonstrated — Latin-American union. The attainment of an /honorable agreement/ with our brothers thus becomes something which, more than just being possible, is obligatory. And even easy.

And such an analysis of our history, without blinders, becomes an inevitable necessity if we want our future to become clear, transparent, majestic and worthy of being lived through. Ultimately, if this is our final goal, to achieve it we have to move in that direction.

Optimism of Primatesta, Aramburu

Buenos Aires LA PRENSA in Spanish 18 Nov 79 pp 1, 6

[Text] On his return from the Vatican, Cardinal Primate of Argentina and Archbishop of Buenos Aires Monsignor Juan Carlos Aramburu said that the negotiations effected there on the difference of opinion between Argentina and Chile — to their southern border "seemed to have reached a stage of rapprochem ."

In statements made at Ezeiza Airport on his arrival from the Holy See, he said that "there is good reason to maintain a natural optimism with regard to the conversations."

"I believe," he went on, " that they are being conducted in a spirit of good will, even in an atmosphere of friendship, each of the two parties explaining his point of view."

In his opinion: "It seems that they were in a stage of rapprochement and, according to what I heard, things are moving right along in every respect for the two countries," he emphasized.

Regarding his trip to the Vatican, he said that it was in response to a convocation addressed by Pope John Paul II "to the cardinals of the world to attend a joint meeting to make it possible to study certain matters that have to do with the conduct of the church and its pastoral life."

He also noted that the Argentine delegates to the negotiations were "greatly impressed" by the "surprise visit" the supreme pontiff paid them in late October.

"Both the commotion and the emotion were extreme among all the Argentine participants who were there," he said.

Getting back to the topic of his trip, he described the meeting with the pope "as advisory, since the holy father makes the final decisions. He was," he noted, "quite satisfied with the meetings, which lasted several days, and the initiatives and orientations displayed as a result of the meetings."

He commented that "now there will be a period of 3 months to allow for the arrival of suggestions as to whether all this is agreeable to the cardinals so that the holy father can then evaluate everything and reach decisions on the three points he conferred with us on, which are: the functioning or organization of the congregations which are the ministries he retains for the various pastoral objectives, the presence of the church in cultural life and the sciences and, finally, the economic role of the Vatican."

He summed up, saying that "I believe the holy father is very pleased with this and feels he is supported in his desires for achieving certain reforms in terms of a greater updating of the church's pastoral["postal" appears in error in the original] life." (NA)

From Cardinal Primatesta

Cordoba—At a press conference here, Cardinal Raul Francisco Primatesta displayed his complete satisfaction with the recent meeting of cardinals held in Rome and decisively expressed his optimism as to a resolution of the dispute with Chile.

"I am absolutely convinced that papal mediation will make possible an agreement that will assure us of peace between Argentina and Chile. I say this because, during my stay in Rome, I observed that the parties to the discussion of the Beagle issue are proceeding in a very realistic manner and with a high opinion of the importance of the matter. On the other hand, Argentina and Chile are obliged to offer testimony to [their desire] for understanding and peace."

Cardinal Primatesta reiterated that in this instance they are dealing with the matter in a very realistic manner but still making progress. "Therefore," he went on, "I ask that I be properly understood when I say that we must be realistic. I do not mean that we are not optimists. On the contrary, we recognize that a solution to the problem will be found by means of this realism."

Visit to Argentina

Regarding a possible visit to Argentina by the pope, he said that "the circumstances under which John Paul II wishes to attend the people of God, under which he wants his person and his words to be considered necessary, are known. He has also reiterated his desire to visit Argentina. His visit is generally eagerly desired by the Argentine people and these wishes that he come have been transmitted to him not only by me, but also by all the bishops of this country. In practice, it is up to the Argentine bishopric to send him an official invitation and ask him whether it would be possible

to discuss the matter at the next meeting of Argentine bishops to be held in December."

Evangelical Preaching

Asked whether the church was disposed to reanimating its evangelical preaching in the communist countries and taking into account the fact that the teachings of Christ are daily insulted by nations with Marxist as well as those with capitalist regimes, the pope recently urged Christians from those countries equidistant from the one or the other of these positions to offer constant and authentic testimony of their Christian way of life and of having achieved justice and peace by means of these teachings as one way of demonstrating the fact through deeds of kindness. He said that this was a very broad question but that perhaps one way to answer it would be to simply relate an anecdote recounted by John Paul II. "When asked if he could speak Castilian Spanish," Cardinal Primatesta said, "the pope replied: 'How could I not be learning Castilian, since it is the language spoken by a very large segment of the church, which millions of people living in Spain, Latin America and other parts of the world use.' The pope's interest in Latin America is very great but we must not allow ourselves to be confused. Latin America has a lot of poverty, has made many mistakes and suffered many injustices, but it also has a great deal of wealth that will have to be exploited in fairness to all. We must not simply speak of the negative aspects and confine our observations to the injustices; rather we must realize that the gospel opens the way to the facilitation of indispensable changes. We must not limit ourselves to complaining that there are defects, errors and violence because we run the risk of encouraging the spiral of violence. We must understand that it is our obligation to facilitate the liberation of mankind, but in the knowledge that liberation does not only mean permitting people to eat, rather that man must fully achieve his being as a creature of God who can think and gain awareness of the truth, which will lead him to God and that he can in this way exercise all his rights, which are in fact human rights."

Monsignor Primatesta further stressed the importance of the recent meeting of cardinals in Rome, appraising it as a reaffirmation of the elevated spirit that guides the supreme pontiff in governing the church. The archbishop praised the recent papal bull on catechesis and alluded to next year's synod which will bring all the bishops together to deal with the issue of the family, which is throughout the world being attacked and in some parts of the world is considered to be dispersed.

Association Law

And lastly, regarding the association law, Cardinal Primatesta maintained that the bishopric's research organizations had analyzed it and would render a timely opinion as to its good points, its feasibility and what by chance may not correspond to the teachings of the church.

Commentary on Pope's Statements

Buenos Aires LA PRENSA in Spanish 19 Nov 79 p 9

[Text] Santa Fe (NA)—The archbishop of Santa Fe, Monsignor Vicente Zazpe, has said that Pope John Paul II's statements concerning those who have disappeared and have been arrested in Argentina "are not in response to obscure intentions or diffamatory reports"; rather they remind us of "the sacred and pressing need for justice and the evangelical importance of mercy."

"In little over a year as pope, John Paul II has turned himself into a figure of surprising world influence, such as has rarely been achieved by a pontiff and above all in the few months of his ministry," the prelate said.

Zazpe expressed these thoughts during his usual Sunday discourse, which is broadcast from a station in this capital city, and added that "for the Argentines, the pope's pastoral mission had a special meaning due to his offer to act as mediator for our southern problem with Chile."

"But a new event," he went on, "has linked the holy father with our national effort. I am referring to his addresses of Sunday, 28 October: one delivered before a crowd assembled in Saint Peter's Square for the Angelus devotions and a later one addressed to the last group of bishops who had tendered their ad limina visit to John Paul II."

The archbishop of Santa Fe immediately thereafter noted that "it was a question of different addresses before different audiences. The international press immediately echoed this, as did also, of course, the local newspapers. Of the two addresses, the one delivered in Saint Peter's Square received the most comment."

After indicating that he would in the course of the audience refer to the homily of the Angelus without engaging in "more commentary in order to avoid biased and wearing debates," he added that "unbaptized Argentines familiar with the addresses can accept them, question them or reject them, but have no right to distort them, either through ignorance of the official version, biased manipulation, defensive reaction or due to an attitude calculated to derive importance from serious, premeditated statements uttered in order to be accepted."

11,466

CSO: 3010

BETTER RELATIONS SOUGHT TOWARD STABILIZATION OF REGION

Buenos Aires LA NACION in Spanish 25 Nov 79 p 9

[Article by Nicanor Costa Mendez: "Our Relations with Brazil"]

[Text] The history of Argentine-Brazilian relations is one of rivalries, competitions and confrontations, at times of frontal positions too. Not only have geography, history, of course, and economics involved them in conflict and antagonism; they have also involved them in reciprocity and agreement and alliances. The great majority of Argentine rulers granted priority to agreement with Brazil. Mitre and Roca, without a doubt, but also their successors almost without exception and regardless of political activity. Not infrequently, these relations have gone through dark periods. One of these, harsh and hardly short-lived, seems to have come to an end a few days ago.

The hydroelectric works under construction in Upper Parana were the immediate cause of this tension. Not without reason, we Argentines thought that the situation was due to reasons largely attributable to Brazil rather than to us. First of all, to the unusual and to a great extent incomprehensible behavior of Brazilian Foreign Affairs Minister Azeredo de Silveira. Furthermore, since it is unthinkable that under the Brazilian political system ministers can take action without the backing of presidential authority, it is only natural to believe that dark-colored General Geisel was not ignorant of the situation.

Brazilian Policy Without Consensus

At least a good portion of Brazilian public opinion was not in agreement with the minister. The biggest newspapers, EL JORNAL DO BRASIL and EL ESTADO DE SAN PABLO, severely criticized Azeredo's handling of the matter. Let us also note that the situation as regards the two nations verged on conflict. Argentina, caught up in crises, as we know, had lost prestige and the ability to negotiate. Brazil, on the other hand, during those years exhibited rapid economic development and relied on the approval and support of the United States and Europe, and could even flaunt the imprudent blessing of President Nixon. The imbalance between the positions of the two nations

was no doubt in part responsible for the unbecoming arrogance of the loquacious minister and for his hardly disguised disdain for our government. This naturally led to a cooling off of relations and the impossibility of arriving at any positive kind of understanding.

The change in government and consequent removal of Azeredo were decisive and determining events in the modification of Brazil's attitude. Perhaps, however, other events, less personal, had a greater influence on the situation. The Brazilian economy has suffered a clearcut decline and inflation has returned. The vision of a brilliant future, certain and uninterrupted, has been somewhat muddled. The world energy problem is affecting Brazil — and to a great extent — and is forcing it to determinedly look for other sources, such as nuclear and hydroelectric energy, the foreign debt seems to have exceeded the limits set by a reasonable faith in development and the political opening has in its initial phase, as is only natural, given rise to problems and concerns. Thus it comes as no surprise that the brand-new Brasilia government, aware of the situation, will look for an opening toward its neighbors and rapprochement and agreement with Argentina. The tripartite agreement signed in Paraguay at the end of October was the result of this line of development. The opening toward Venezuela and Peru was another manifestation of the same situation.

Corpus Dam

Argentina has accepted an elevation of 105 meters above sea level for the Corpus dam. We cannot here discuss the technical aspects of the project and we will have to place our trust in the conclusions arrived at by Argentine officials with expertise in such matters, who consider it to be an acceptable and income-producing elevation. It is possible that some of the objections that have been registered against this technical decision are valid or based on arguments well worth noting. But whoever examines the negotiations and the results thereof also has to take note of the limitation imposed on Argentina's ability to negotiate by the fact that the Corpus dam is being handled as an international project; therefore, Argentina's request is limited by the wishes of its partner, Paraguay. Argentina could not have requested more than what Paraguay wanted. It could not have gone any farther than what Paraguay wanted, nor could it have let the discussion come to a confrontation if its partner wanted to avoid that.

Other Alternatives

The alternative does therefore not seem to be to request a greater elevation at Corpus but to discuss the possibility of engaging in other projects than Corpus. In this direction, the agreements reached offer a twofold advantage: On the one hand, recognition of an acceptable elevation figure has been obtained and, on the other, the freedom of choice has been retained to carry out this project or not. Argentina has not committed itself to erecting the Corpus dam nor, naturally, has it lost the right to substitute other dams for this one, whether they be called the Middle Parana or Ibera. An additional advantage is worth noting: Brazil's recognition, albeit conditional, of the principle of prior conferral in the building and filling of the dam.

Certain segments of public opinion have severely criticized the agreement. The seriousness of the arguments invoked and the intellectual and civic prestige of those who have wielded them without a doubt oblige us to grant them careful consideration. However, inasmuch as it has not been demonstrated that our national sovereignty has not been duly asserted, the political advantages stemming from the bipartisan agreement with Brazil are such that the attitude of the Argentine Government is deserving of clear support as is the action of our embassy in Brazil decidedly deserving of praise. The isolation of South America is a dispute and the advantages of or opportunities for individual action a risky hope.

Two Simultaneous Fronts

Argentina still has unsolved problems relating to its Chilean border and sees no advantage of any kind in maintaining two open fronts simultaneously. The coexistence of two conflicts, one with Brazil and the other with Chile, and, added to these, minor difficulties that have arisen with other nations in the Americas could certainly lead Argentina into a dangerous situation of confinement and isolation. The concerted effort of Argentina and Brazil will enable them to offer valuable support to Paraguay, Uruguay and Bolivia and to contribute to the progress of these nations and the stability of the region. Argentina and Brazil have negotiated over realities and have managed to reconcile their interests. This is truly making international policy. The agreement will strengthen the Plata Basin, activate reciprocal commercial and economic relations and, in those Brazilian sectors that still have them, do away with any dream of individual prestige in the Plata Basin itself, from the interior of the basin.

Rebirth of the ABC?

The inclusion of Chile in this concerted effort — perhaps a rebirth of the ABC [Argentina-Brazil-Chile]? — would make possible the necessary opening to the Pacific and close the doors on any illusion of a Chilean-Brazilian alliance set up as a joint threat, should there still be any hackneyed Chilean who harbors the thought.

The Plata policy and the opening to the Pacific thus consolidated, Argentina will have to seek a dialogue with the nations of northern South America: with Venezuela and also with Colombia and Peru.

South America is not divided into democratic and nondemocratic nations as some claim, seeing rather the mote in another's eye than the beam in their own. Real groupings are shaped by geographical circumstances, by history, by economics. These are the true realities, not the others which are merely transitory. Dialogue and reciprocity and a systematically organized, concerted effort based on these realities: the Andean Group, the Plata Basin, Amazonia, will provide South America with true unity.

11,466
CSO: 3010

'LA NACION' COMMENTS ON FIGUEIREDO'S IMPENDING VISIT

Buenos Aires LA NACION in Spanish 21 Nov 79 p 8

[Text] A cordial and fraternal hope was behind the official announcement of Brazilian President Gen Joao Baptista de Figueiredo's next visit.

The Brazilian envoy is not unknown in Buenos Aires and his ties with the Argentine capital go back to the time when, a few years ago, he accompanied his father, who was here as a political exile. Ever since he assumed power, his intention of coming to Buenos Aires to bring back the memory of those youthful years spent with us has been obvious.

This sentimental reason does not detract from the importance of the trip and the attendant visit. At the present time, when Argentine-Brazilian relations are at an optimal point, President Figueiredo's visit serves as the expression of a vigorous friendship and a promise to heighten the prospects for a cooperative effort between the two nations.

The prospect of a future rich in achievements of joint interest, of benefit to all the subregions, implies effective demonstration of a policy of integration between the two biggest countries in Latin America.

In their exploitation of energy sources, in their growing industrialization, in their ability to supply the whole world with food, as well as in terms of their strategic locations, Argentina and Brazil's interests deeply coincide. The channeling of their efforts, oriented in terms of reciprocal planning, must be conducted in a broad spirit of cooperation, since there is a long series of objectives to be achieved. With no lack of others either, the issues that endow this visit with the national interest pointed out above will have to be faced during an encounter that is of such importance at this time in America.

11,466
CSO: 3010

EDITORIAL REPROVES ANDEAN GROUP DECLARATION

Buenos Aires LA NACION in Spanish 19 Nov 79 p 8

[Editorial: "Political Situation Within the Andean Group"]

[Text] At a meeting held by the OAS General Assembly, the Cartagena Treaty nations had expressed their democratic fervor. This was in exercise of a right that nobody disputed at the time.

Of the original treaty members, Chile some time ago withdrew from the group because the economic policy it had adopted was in conflict with the interests of Chile, whose government had decided to deal with the policy on a liberal basis. A very few days after the declaration signed by representatives of Venezuela, Colombia, Ecuador, Peru and Bolivia, the last-named country found itself involved in a presidential election crisis. Inasmuch as they would have come up with an alternative in but a few hours, the way they handled the matter showed that the emphasis placed on the warnings expressed in the Andean Group declaration was not compatible with a judicious and calm evaluation of Latin-American realities.

If to the Bolivian problem, which is deserving of special study, we add the disagreeable situation which in Ecuador confronts President Roldos, with a congressional majority in all solidarity elected along with the president, we can see how the situation has to be evaluated qualitatively and not simply by counting the number of popular representatives. The latter, embarked on the populist and demagogic current created by the leader of the People's Forces Rally, headed by Assad Bucaram and the advocate of programs embodying an orientation which we Argentines would have supported not too long ago, cannot be viewed as practitioners of strict republican democracy.

As for Peru, the proximity of the presidential elections does not offer a sufficiently clear atmosphere to be able to without reservations agree that there has been a full return to democracy. Especially if we consider the fact that freedom of the press is not a clearcut reality in that country.

Meanwhile Venezuela, with its mounting labor disputes, prevailing social unrest, the accusations his own party has launched against ex-President

Carlos Andres Perez and the denunciations of his interference in the problems of El Salvador and Nicaragua, has to be observed without assigning it the role of regional mentor, the keynote showing through in its handling of foreign affairs.

And lastly, Colombia, harassed by implacable guerrilla warfare bent on smashing its institutions, a kind of war not always fought with orthodox methods and means. Within the Andean Group, it may be singled out as the country most threatened by movements and groups calling themselves liberators but whose totalitarian affiliations appear to be undeniable in view of the predecessors of such activists and their most recent acts. We cannot look askance at the fact that the production and supplying of drugs is morally poisoning the Colombian domestic scene.

This analysis of the situation of necessity leads to one conclusion with regard to the occasion for the high-sounding, exaggerated statements contained in the declaration, which was intended to set standards for all the countries in that part of the world. What was needed was to better evaluate our own domestic scene, not to publicly cross the threshold of nonintervention in foreign affairs, the golden rule for a desirable Latin-American coexistence.

11,466

CSO: 3010

ECONOMY MINISTER, STOCK EXCHANGE HEAD DISCUSS ECONOMY

State Intervention Opposed

Buenos Aires LA OPINION in Spanish 2 Dec 79 p 8

[Text] Mar del Plata--At the conclusion of a speech which he delivered at the Hermitage Hotel, the minister of economy of the nation, Jose Alfredo Martinez de Hoz, declared: "Indexing will continue to be used so long as the inflation continues."

Martinez de Hoz spoke during a function organized by the local municipality and Military Subzone 15, and he was introduced by the head of the latter, Col Aldo Maspero.

In the course of his remarks, Martinez de Hoz reviewed the situation prior to March 1976, and measures that have now been adopted; and he expressed opposition to "state intervention."

The official from the Palace of Finance called for an opening of the economy, stating that the program being implemented which was planned before the uprising of March 1976, "has reoriented the Argentine economy 180 degrees." He added: "The plan which is under way belongs to the armed forces;" reaffirming the fact that the anti-inflationary process "is progressing well."

In this connection, he noted that the monetary recession is only a flight from inflation, and hence will do no good to cure the heart of the problem.

When questioned by local business owners, the minister later explained that the hikes in public rates were made "in a scaled fashion, maintaining their real cost." He said that the increase in rates exceeding the guidelines set by the Ministry of Economy "was due to the effect of oil prices;" adding that it must be borne in mind "that there has been a considerable increase in the international price of fuels."

With regard to the value added tax, Martinez de Hoz claimed: "the intention is that it be paid for food and agricultural products;" and the increase

which occurs for the consumer will be offset by the 5 percent hike in wages that will result from the suspension of the tax for the National Housing Fund (FONAVIT).

With respect to the status of the automotive industry, he gave assurance that "we have promoted a revitalization of the sector, obtaining new investments."

According to Martinez de Hoz, the indexing "has become widespread in the private sector, but it has been poorly applied;" adding: "what we are seeking is an index of monetary correction."

In this regard, he stated: "Money is not being issued to meet a budgetary deficit, but rather to purchase foreign currency through the Central Bank." He said that he preferred as a model for the country "the one that is taking shape through the economic policy." He observed: "The opening of the economy entails the need to invest in order to compete or survive; the subsidies have ended."

Also in the topic of wages, he denied possible massive increases, because "they are extremely detrimental and inflationary," except in the case of the state sector, because, he claimed: "We are in a period of liberation."

Finally, when asked about his future as head of the Palace of Finance after March 1981, when the term of Lt Gen Jorge Rafael Videla ends, he declared that he had "no personal commitment in this regard;" and was emphatic in stating: "The economic program is that of the armed forces."

Inflation Rate Claimed Lower

Buenos Aires LA NACION in Spanish 6 Dec 79 pp 1, 16

[Text] To conclude the events marking the 125th anniversary of its creation, last night the Buenos Aires Stock Exchange held its traditional annual banquet, attended by the minister of economy, Dr Jose Alfredo Martinez de Hoz; the secretary of finance, Dr Juan E. Alemann; of programming and economic coordination, Dr Guillermo Walter Klein; of commerce, Alejandro M. Estrada; of mining, Dr Fernando Puca Prota; and of communications, Gen Eduardo O. Corrado; the representatives of the commanders-in-chief of the Army and Air Force, Col Justino Vezcay and Brig Rodolfo A. Guerra; government officials, presidents of the stock exchanges and markets from all over the country; the president of the Buenos Aires Stock Exchange, Mr Jose Martorell; members of the entity's board of directors, and former chairman of the latter.

After the playing of the national anthem, a note of congratulation sent by the president of the nation, Lt Gen Jorge Rafael Videla, was read; followed by remarks delivered by the head of the stock exchange.

Mr Martorell's Remarks

After reviewing the entity's gradual growth and development, the president of the Buenos Aires Stock Exchange cited the importance of the creation of the Securities Fund, Inc, which made possible the liquidation of the large volumes negotiated when the prosperity began in 1976.

He later said that, next year, a new effort would be undertaken to improve the market, adding that progress is being made in the plan to create the Argentine Capital Market Institute to make studies of new devices and techniques that will make it possible to better allocate funds to the productive enterprises, while affording the investor a larger area in which to market his capital.

After noting that the entity has lent its support to economic research, and has expressed its criticism of the government's deviations, even during the unfortunate periods of the past, "risking peace of mind for the mere fact of having criticized the government," he said that it had similarly not failed to voice its encouragement for all efforts aimed at channeling the nation's activity along the paths of our best traditions.

Opportunities for Business Firms

With regard to the economic policy currently being pursued, Mr Martorell said that, as a result of it, Argentine productive enterprise has managed to attain better financing terms from the standpoint of price, terms of payment and interest rates than those which prevailed in the past, within international financing centers.

He also explained that, as a result of this same policy, various business firms may have to finalize their activity in the future, because the conditions are present for them to become efficient; in other words, for those organizations that can operate with prices geared to the international economic situation.

On the subject of the financial sector, he said that there is evidence of a continued trend toward freeing the market and toward an increased entry of foreign funds which are being directed toward various Argentine business firms through the financial system. He stressed that this fact has resulted in the market's assuming an increasingly closer connection with the financial markets, even during bad times on the international markets.

Governmental Endeavor

He then remarked: "Combating inflation is unquestionably the greatest economic problem still facing the government. It also entails lending new dimensions to the state, not merely cutting its budget, but reconsidering which essential services it will have to be responsible for."

He went on to explain that this rethinking should be done not only in the economic area, but also in the social, political and institutional realms.

He continued by stating that, in the social area, "paternalism has been evident, for example, in the nationalization of social services, taking away the initiative from the private sectors, with results which are far removed from those which would be acceptable to meet the needs of Argentine society, a topic on which the exchange has expressed an opinion, since it regards it as extremely important to the community's general interests.

Endeavor of the Exchange

With regard to the endeavor of the exchange, he stressed the fact that the entity is aware that it cannot of itself provide a solution to the problems currently besetting our stock market; noting that there is a need for the authorities to immediately supply the necessary measures for simplifying and combining the activities in which the companies making public bids on their securities must engage with the state sector, and to make an overall revision in the type, direction and scope of the state control of those firms.

Finally, from a different standpoint, he said that the matter requires a coherent determination in relation to the government's general economic policy; adding that it should not be overlooked that the publicizing of the draft Law on the Securities Fund drafted by the Secretariat of Finance, the lofty goals of which are agreed upon by the entity, has created doubts regarding the suitability of the measures proposed for attaining them.

Martínez de Hoz Speaks

In opening his remarks, Dr Martínez de Hoz announced that he would discuss a topic on which contradictory views are at times expressed, a topic, he said, "which concerns us, but which occupies us more than anything else: inflation."

He stated that he would cite four important facts surrounding this topic: 1. public spending, and the deficit in the national budget; 2. the opening of the economy; 3. the modernization of the productive system; 4. the change in prices and their convergence with the patterns of exchange. He then quoted the comments made by Ortega y Gasset in "Meditations on the Quijote," when he said: "Man produces to the maximum of his capacity when he acquires a complete awareness of his circumstances."

Provincialization

The minister announced that, as of 1 January 1980, the works and services in the areas of electrical power, gas, sanitation projects and irrigation would be turned over to the provinces. On 1 January 1981, the transfer of the metropolitan railroads to the province of Buenos Aires and the capital would take place.

He reviewed his administration in the realm of public revenue (the amounts collected by the DGI [General Directorate of Taxation] increased 100 percent in constant currency) and outlays; and he emphasized the principle of the state's subsidiary role.

250,000 Fewer Public Agents

He mentioned the departure of 250,000 agents in the public administration sector (throughout the country), stating that no further sizable reductions should be expected. Although the expenditure in pesos on personnel will tend to increase (for grading purposes), he said that the administration's deficit would be less than in 1979, when it was 2 percent of the gross domestic product.

With reference to private control, he noted that the private investment share of the total investment would rise from 50 to 77 percent. He cited the larger private participation in oil exploitation and the west-central gas pipeline, covering 1,800 kilometers, which will demand private investment of \$1 billion in 21 months.

Northern Gas Pipeline

He subsequently stated that gas reserves have increased from 200 billion to 600 billion cubic meters; adding that it is planned to construct another gas pipeline in the north, through a public works concession and toll payments.

Provincial public investment will increase from 28 percent in 1978 to 48 percent in 1980. He said that the amounts collected by the provinces rose from 5 to 10 percent of the gross domestic product; emphasizing that, in addition to a political concept, this represents more appropriate practical accomplishment.

Public Investment

As for the total public investment in relation to the GDP, he stressed the fact that, after ranging around 11.5 percent between 1976 and 1978, it declined in 1979, and will stand at 8.5 percent in 1980; that is to say, in relation to the country's capacity for payment and on the traditional level in history. But he also noted that, if the business firms were made private, they would certainly resort to the use of credit at a rate of 50 or 60 percent; and hence there should be no surprise over the fact that the state also resorts to it. He said that, in the long run, public spending would not be a factor spurring on inflation in 1980.

Opening of the Economy

Next, the minister of economy went on to discuss the matter of the opening of the economy, and made a brief review of the situation which prevailed

in 1976. He recalled that the situation marked by a virtual stoppage of payments was terminated, and he explained the purpose of the opening. He stressed that imports are mainly intended to modernize the productive system and, in this respect (he said), special emphasis is being placed on imports of capital goods.

He added that the investments of this kind are growing and, as those assets are incorporated in a steady manner, a modernization will occur which, although slow, will prove positive in attaining a higher level of efficiency.

Dr Martinez de Hoz declared that the reduction of tariffs would have to continue under the established program, and he called upon business firms to adapt themselves to the new groundrules which (he claimed) represent a genuine challenge that must be faced.

The minister stated emphatically: "We believe that there must be a reorganization of industry and its costs, for which purpose the open competition system is being created, whereby business firms will no longer be able to raise prices at their discretion." He added, among other comments, that we are proceeding toward equilibrium in the trade balance.

The Productive Apparatus

During the course of his remarks, the minister of economy said that the goal was to eliminate everything that would distort the economy; and hence the aim was to reduce the overprotection and privileges which existed for certain sectors. He claimed: "With the process of justification, a change has taken place in the relative price level." He stressed: "We know that all this has required a great deal of effort and that, in some instances, it has been painful; but those who are affected should not demand a return to the former situation, but rather seek greater efficiency with a reduction in costs."

Prices and Exchange Patterns

Dr Martinez de Hoz then began discussing the fourth point on his announced agenda. He started by admitting that, during the first 8 months of the year, the effects which had been sought concerning the convergence of internal prices and exchange patterns did not occur; but he hastened to explain that, in August, there were signs of stabilization; adding that, in September, the desired convergence was achieved, and was confirmed later in October. In this portion of his address, the minister announced that the indexes for November (he reported that they would be released today) "will confirm the fact that inflation has dropped another step downward."

Subsequently, Dr Martinez de Hoz listed a series of measures adopted by the economic leadership which, he said, "have been included in the context of the battle against inflation." In this regard, he mentioned freedom of

prices, freedom of the exchange market and of foreign trade, freedom of rent and the elimination of the political rates for services, and free wage bargaining with the abolishment of massive increases.

Convergence

The minister later reiterated the principle that exists in the economy between measures, time and effects, claiming: "The signs of convergence are now beginning to be noticed." He then noted that financial soundness, monetary expansion, equilibrium in the trade balance, the assurance that the gradual policy of increases for services and the high level of monetary reserves which "will keep us covered in any contingency" are some of the factors that, in his opinion, will bring about convergence.

'It Is Time for the Blind to Start See' g....'

In the final portion of his address, he cautioned that, "Economic decisions or measures which evoke admiration should not be expected;" claiming that the handling of the economy will be kept within the confines of the aforementioned trends.

He said: "Those who do not believe this will run the risk of drowning in their own stream;" and, by way of a corollary, he declared: "It is time for the blind to start seeing, and for the deaf to hear.... You may be sure that there will not be another opportunity, and that is nothing but the consolidation of the process."

2909

CSO: 3010

CENTRAL BANK LOWERS RESERVES, FREES OVER 5 BILLION PESOS

Buenos Aires CLARIN in Spanish 1 Dec 79 p 8

[Text] The expectations which were being harbored on the financial market with regard to a considerable freeing of bank cash reserves starting on 1 December proved to be exceeded by reality. First (it should be recalled), it was estimated that the Central Bank would on this occasion make a three-point reduction in the minimal cash; but, subsequently, the specialists agreed that the monetary authorities should make an even greater reduction, amounting to four percentage points.

The reality exceeded the forecasts: The authorized reduction was four and a half points, thereby bringing, we repeat, the bank funds to a sizable 5.5 billion pesos; considering not only the primary expansion of nearly 1.5 billion pesos, but also the secondary expansion produced by the application of the bank's multiplier (redeposits and reloans from the flow of funds originally disincumbered of the immobilization of lendable capacity).

The effect which such an addition of funds will have on financial supply and demand will have to be assessed on Monday. But we can already discern an increase in trends that have been appearing.

In the first place, we shall almost certainly observe continuity in the downward trend in interest rates. During the past few days, the sample rate at the Central Bank was slightly over 6 percent for 30 days. It is anticipated that, at first, there will be a trend toward 5.80 percent per month, which is the cutoff rate that the Central Bank has maintained for the acceptance of treasury bills in the biweekly bidding. Secondly, if events occur as the BCRA [Central Bank of the Argentine Republic] proposes, an attempt would be made to bring the interest rate to 5 percent per month; thereby attaining convergence with regard to balance between the internal and international interest rates, the latter being considered as 15 percent per year, based on a variation of less than 3 percent per month in the parity of exchange, and with a slight margin from exchange risk.

The treasury, in turn, would find the financial pressure eased for demands for lendable funds through the biweekly bidding on treasury bills, for the

purpose of ending the year with all the temporary advances provided it by the Central Bank paid off; advances which amounted to nearly 1 billion pesos during the first 3 weeks of November.

Another goal of this four and a half point reduction will be to meet, through an abundant supply of lendable capacity, the usual increase in the demand for credit that occurs at the year's end, both from the public and the private sector, to fulfill seasonal obligations.

2909

CSO: 3010

ONDART CALLS FOR EFFORTS TO STEP UP OIL PRODUCTION

Buenos Aires CLARIN in Spanish 22 Oct 79 p 10

[Text] "The world oil problem is not artificially created, nor are its reasons ideological or political. It is a real problem which will probably cause far-reaching disturbances in the future and changes in living conditions," the head of Government Oil Deposits [YPF], Raul Ondarts, said yesterday. He made the statements upon returning to the country from Vienna, where he took part in a meeting of the Organization of Petroleum Exporting Countries (OPEC).

The YPF chief added that "the main conclusion which we drew from this meeting is the absolute need to intensify the country's efforts to make production equal consumption as soon as possible, that is, to free ourselves totally from imports."

After pointing out that on the tour the Argentine delegation also visited England and Italy, where talks were held with chairmen of petroleum organizations and officials of banking institutions, Eng Ondarts said that "European countries are acutely worried about the possibility of a recession, which many economists predict."

Investments and Supply

After recalling that the balance between petroleum production and consumption depends on many factors, including the development of consumption itself, our prospecting experts and the chances of carrying out the plans which YPF must implement, he noted that "if general economic causes do not prevent the investments required to achieve self-sufficiency under reasonable conditions, we can expect that we would not have to import by 1982."

"Or to put it more precisely," he continued, "we would still be importing, but we would be exporting an equivalent amount of some products of which we have a surplus, possibly fuel oil, while we would import some gasoline and gas oil and thus we would have an equal balance."

With regard to the price of petroleum, Eng Ondarts explained that "oil-exporting countries seek to obtain what they call the substitution price. However," he said, "this price could be that of bituminous shale or of

liquefied coal, but as yet there are no precise details concerning this price, because there are some operations which are in their initial stages, thus the substitution price is not yet a clear concept."

Eng Ondarts stated that OPEC countries are concerned about the rate of production, which is basically reflected "in Middle East countries, which is actually where major petroleum reserves are located, reserves which the Western world needs to maintain its level of industrial development."

"The future market was discussed in this meeting," he added, "but not the problem of prices. The most definite thing said is that it would be expedient to manage to assure a price level which would increase at real values, that is, at the rate of inflation, 5 percent annually.

He went on to say that "this would actually avoid sudden price increases, but it depends partly on annual inflation itself, since raising prices 5 percent in a year in which the dollar's value declines 15 percent means raising the price of petroleum 20 percent."

Finally, he stressed that "we have a great opportunity, but we also need to make a great effort to move quickly toward the goal of equalizing our oil production and consumption."

11915

CSO: 3010

ARGENTINA

PETROLEUM EXTRACTION REACHES RECORD DAILY AVERAGE

Buenos Aires LA NACION in Spanish 24 Oct 79 p 6

[Text] Average daily petroleum production reached 75,446 cubic meters in September, an absolute record, having passed the recorded November 1978 level of 75,211 cubic meters daily, which had equaled the previous record.

Cumulative production in the first 9 months of 1979 in turn amounted to 20.3 million cubic meters and exceeded that recorded for the same period last year by 4.8 percent.

Imports

Petroleum imports during January-September totaled 1.5 million cubic meters; in comparison to the 2.2 million cubic meters purchased abroad during the same period last year, they declined 32.1 percent. On the other hand, as a result of the international rise of oil prices, these imports required 29.3 percent more foreign exchange than last year. As of the present, \$259 million were needed to make these purchases, whereas the expenditure was approximately \$200 million in the first 9 months of 1978.

Petroleum production in September amounted to 2.2 million cubic meters and surpassed the level recorded for September of last year by 1.8 percent.

Gas and Coal

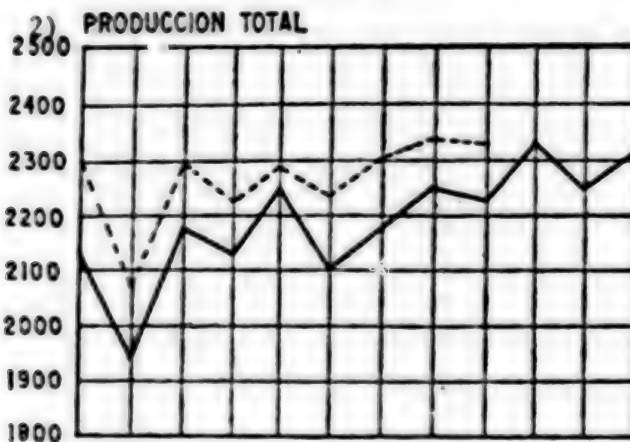
Cumulative production of natural gas in the first 9 months of this year amounted to 6.804 billion cubic meters and thus exceeded that recorded for the same period in 1978 by 8.1 percent. In September, 827.6 million cubic meters were injected into the gas pipeline intake, an amount 6.2 percent higher than that reached in September 1978.

Cumulative coal production in the first 9 months of this year in turn amounted to 538,000 tons, which is 121.7 percent higher than for the same period in 1978. On the other hand, coal extraction in September dropped 21 percent in comparison to September of last year.

Consumption

During the first 9 months of 1979, in comparison to the same period in 1978, 10.2 percent more gasoline, 9.2 percent more gas oil, 16 percent more diesel oil, 5.1 percent more fuel oil and 3.3 percent more liquefied gas were consumed. On the other hand, kerosene consumption declined 7.8 percent.

1) Petróleo en miles de m³



Key: 1. Petroleum production in thousands of cubic meters
2. Total production

11915

CSO: 3010

INDUSTRIAL UNION ISSUES CRITICAL DOCUMENT ON ECONOMY

Buenos Aires CLARIN in Spanish 23 Oct 79 p 16

[Article by Sebastian Barbara]

[Text] A vehement defense of national industry, in opposition to the implementation of current economic policy, was endorsed last week by industrial management representatives covering the widest range of industrial organizations in memory.

Delegates of the Argentine Industrial Movement (MIA), the Industrial Union Movement (MUI) and the Domestic Industrial Management Movement (MEDI) placed a thick document of harsh, sharp criticism in the hands of the administrator of the Argentine Industrial Union [UIA].

In brief, two fronts in the attack can be discerned, closely linked but also distinguishable in the following analysis:

On one hand, there is the serious demand that the ongoing economic "opening" must absolutely be halted, with the resulting objections to its implementing measures. First of all, of course, the debate on the phaseout of exchange rates is emphasized; but reservations are also noted concerning the policy of tariff reductions and the way in which other industrial protection devices are being dismantled or left unused. Of parallel importance is the harm done by the overgrowth of government bureaucracy and the extent of public spending, conditions denounced as absolute obstacles to the efficiency of private enterprise.

But the heart of the document lies even deeper: it advocates the resolute orientation of the Argentine economy. Of foremost importance is the country's industrial and productive integration, conceived as horizontal integration to cover all geographic areas of the country and vertical integration founded on the basic industries.

The central paragraphs are very outspoken: "We have to be aware that the task of national integration is incomplete and that if we do not finally manage to get our country seriously busy, sooner or later there will be others who will take our place. Because barriers are not a matter of words but of action.

"Thus we can see why an industrial Argentina, complemented by a vigorous agricultural sector as well, will be a source of important new urban settlements and can carry out the great task of national integration, which is still largely incomplete. And an industrial Argentina, as we stated previously, is not simply an Argentina which produced raw materials, but an Argentina with basic industries constituting the foundation of a rationally integrated industrial structure assuring national decision-making ability."

If these statements are the conceptual framework of the document, the sharpest criticism, as is predictable, is directed at the current rarefied atmosphere of industrial activity, exemplified by the statement [illegible] substantial losses [illegible] best of cases, the very poor profitability from which businesses are suffering: "If balance sheets [illegible] with the corresponding adjustments [illegible], we don't know which industry would earn any money."

This extreme characterization is distinguished in all its ominous portent when we note that it is made by the highest-caliber industrial spokesmen with proven experience in the field.

The document, at least some of whose demands were prepared within the Advisory Committee of the Industrial Union, was submitted to the union's administrator. After its content became known, Eng Eduardo Oxenford acknowledged that he had received the text, specifying that the draft document is being considered by the UIA. He also made it clear that "the far-reaching public importance of the aforementioned document does not at all mean that a position has been taken by the current head of the Industrial Union, who will analyze the document and after the respective revisions are made to limit it to specific industrial problems, will turn it over to the proper authorities."

While stating in advance that the document will be limited strictly to industrial problems, Oxenford also pointed out at the same time that although it will be his duty to present industrial concerns to government officials, he is not prepared to back with his office the proposals exceeding his specific sphere of action--an attitude that is bound to have profound implications for organized industrial management. Because it demonstrates that the UIA's normalizing process will not inhibit joint industrial declarations but rather, on the contrary, that it is open as a suitable channel for unification of industrial expression of opinion. And it also demonstrates, by way of the limitation of issues which Oxenford will require, that it is an open channel only for legitimate concerns.

It can also be ruled out that in these cases the UIA's administrator will not be a spokesman without conviction. Previously, and without the existence of an unequivocal statement as in this instance, industry's complaints met with a favorable response. He agreed "to the letter" with the central issues of this industrial management declaration when he stated during the recent celebration of Industry Day: "Uncertainty surrounding the goals and implementation of tariff and exchange policies represents, in my opinion, the main

reason for the criticism summarized in the statements of the various groups and movements of organized industrial management. It is therefore urgent to put an end to this situation." And moreover: "The situation described is aggravated by the obvious gap between exchange rates and the increase in domestic costs, which also negatively affects the nation's capacity to export, particularly industrial products. It is also irrational to attack the effects before the causes, considering that one of the main causes of inflation derives from the overgrowth and inefficiency of the public sector."

In the light of these statements, it may be expected that the task of "adjusting" the document accepted by Oxenford will be simple. Except for three short sections devoted to social and labor legislation, subversion and educational policy, the document already appeared to be limited to specific industrial problems.

This specificity is not accidental: it is in keeping with the intentions of the document's authors to favor the defense of industry, the survival of private companies and sources of employment, above any other consideration.

In the original draft of the document, widely circulated in industrial management circles during the last 20 days--until this draft was repeatedly mentioned in the press--five pages were devoted to defining criteria regarding the operation of social projects and trade union and labor legislation.

These appraisals, possibly considered harsh by industrialists themselves and in conflict with the organized front, were eliminated in the final version--a decision in keeping with the assigned priority of defending industry, which could have been weakened if friction or disagreements had occurred at the same time.

11915

CSO: 3010

INDUSTRIALISTS' DOCUMENT CAUSES RIFT WITHIN SECTOR

Buenos Aires LA NACION in Spanish 24 Oct 79 p 6

[Text] While the administration of the Argentine Industrial Union [UIA] analyzes the text of a draft document prepared by the Argentina Industrial Movement (MIA), the Domestic United Movement (MUI) and the Domestic Industrial Management Movement (MEDI) and submitted to engineer Eduardo V. Oxenford last week, a kind of deliberative process has developed in industrial management circles, resulting in a virtual accusation of betrayal of whoever made possible the advance dissemination of that text, which was only intended--they assure--to be a working document and whose only recipient was to have been the union's administrator.

What is considered an ungrateful act may cause--it is believed in those circles--a kind of confrontation, since there are industrialists who are convinced that the "betrayal" is part of a political strategy not strictly related to the industrial sector.

What is certain is that in order to render feasible the demands which the three industrial management movements (MIA, MEDI and MUI) represented on the UIA's Advisory Committee have been making for some time, it was agreed--in August--to combine in a single text the opinions of the three groups and to submit it as a working document so that the UIA administrator could consider the issues and would turn over to government officials a final version confined to specific industrial problems.

The preliminary document was therefore strictly reserved for industrial management circles, so much so that there was "a gentlemen's agreement" among those who prepared it and those who approved it that the text would not be made public.

Under the circumstances in which the industrial movement was heading toward unity, violation of the "gentlemen's agreement" by some industrialists has been described as an act of divisive political insubordination and will probably--as interpreted in some industrial circles--result in a shift of positions and not a few accusations of those who seek to advance beyond the industrial union sphere.

It is known that the betrayal irritated Eng Oxenford, who pointed out that the draft document's far-reaching public importance does not at all mean that the union administration has taken a position, while also making the qualification that after the respective revisions are made and the document is limited to specific industrial problems, he would turn it over to government officials.

Moreover, the fact that recently identified industrial management leaders have maintained contacts with trade unionists of the Sole Leadership of Argentine Workers (CUTA), in seeking agreements for coordinating action, confirms the impression that among industrialists there is a faction with goals established in advance as part of an overall political strategy going beyond the industrial management sector.

11915

CSO: 3010

ARGENTINA

REPORTAGE OF AGRICULTURAL SECTOR

Agriculture Secretary's Remarks

Buenos Aires LA NACION in Spanish 10 Nov 79 p 2 Sec 3a

[Text] Before leaving for Rome, where he will be attending the FAO meeting that starts tomorrow, the secretary of agriculture and livestock, Mr Jorge Zorreguieta, talked about the position that he would be backing at the meeting. In this regard, we should point out that his views coincide with those of the FAO director general, if we are to go by his statements to the Committee on Problems of Essential Products that deliberated in the Italian capital in mid-October. It was this column that reproduced the major points of those statements.

Mr Zorreguieta asserted that it is indispensable to boost the world production of foodstuffs at reasonable prices, both for purchasers and growers. He added that this is a priority matter, because we cannot expect increased world output with depressed growers and we cannot expect to meet the world's food needs without boosting production.

Unmet Needs

In this regard, the FAO report on the prospects from now until 1985 in world farm product trade for developing countries points out that demand for them will rise by 30 percent over the 1972-74 period and that their requirements will increase by the following percentages for the following items: sugar, 80 percent; dairy products, 115 percent; meat, 170 percent, and fats and oils, 200 percent. But it cautions that given the difficulties that many of these countries are experiencing, it is unlikely that this shortage of foodstuffs can be made up through commercial operations alone, and therefore "unless food aid increases, the much-needed improvement in diets will be considerably set back and the development of livestock will be curtailed in these countries."

One of the basic causes of this situation is protectionism, which is reflected in the tariff barriers imposed by the developed countries.

Mr Zorreguieta said that protectionism threatens world food supplies because it prevents producing countries from creating an efficient structure that would enable them to produce on a proper scale and at low prices and because ultimately it is an obstacle to increased output.

The data that Mr Saouma furnished in connection with the consequences of protectionism are alarming. He told the Committee on Problems of Essential Products that the drop in the developing countries' share in world trade cost them \$4 billion last year, a loss equivalent to the amount of foreign aid provided the same year for farm development. In other words, the efforts that international organizations exerted to overcome the stagnation of the developing countries are equivalent to the losses that these same countries suffer as a result of the barriers imposed on world farm trade. This generates a dual loss: on the one hand, the loss prompted by the fall in their share of trade, and on the other, the loss arising from assistance whose benefits are nullified by the very countries that provide them.

Uncertainty and Instability

But there is still more to tell. In 1978 the EEC spent the same amount \$4 billion (some say as high as \$6 billion) just to subsidize its dairy products and prevent the countries capable of producing them at competitive prices from reaping the benefits of that capability. Needless to say, subsidies are an artificial method of support for unprofitable activities and, therefore, a way of spending money and not producing.

It is for this reason that Mr Saouma said that the uncertainty and instability that these measures prompt in world trade directly impair the rural progress of developing countries, inasmuch as they are unable to sell to the industrialized countries and therefore cannot set up the structures of scale that would enable them to produce at better prices and under more favorable conditions.

This is what Mr Zorreguieta pointed out. We can hardly expect a rise in world output with depressed growers, and we can hardly expect that the necessary reserves will be built up to keep market prices on an even keel. It is alarming to think that such a clear-cut situation cannot be settled reasonably. A fresh attempt at this will be undertaken in Buenos Aires in the talks that the world's four largest grain exporters (the United States, Australia, Canada

and Argentina) will hold starting on the 17th of this month, although a final solution can come only with the participation of the purchasing countries in the deliberations. For the moment, we can only contemplate the paradox of losses due to a smaller share in world trade, losses due to the misuse of financial aid and losses due to subsidies for unproductive activities, which, of course, benefits no one and harms everyone. It is frankly incomprehensible that we cannot resolve a situation that has all the hallmarks of the absurd.

Panel Analyzes Grain Trade

Buenos Aires LA NACION in Spanish 11 Nov 79 p 21

[Excerpts] Dr Arias's Remarks

The interventor at the National Institute of Agricultural and Livestock Technology began his address by stressing that he was "profoundly convinced that the farm sector is an invigorating factor in the national economy and that the harmonious development of the national community is based to a large extent on farm production."

With regard to farming and technology he stated that "farm activities are dynamic and, therefore, changing. This means that growers must have available a technological package that enables them to produce more and better goods at competitive prices."

He contended that "there must be integration between grower and technician in a modern enterprise, and we must also take into account the world in which we live, where scientific and technological advances are occurring with increasing rapidity."

In connection with the National Institute of Agricultural and Livestock Technology (INTA), he stated that its objectives, set forth in the law whereby it was founded, were the harmonious integration of research and experimentation to find solutions to problems, and extension work aimed at conveying this knowledge to growers.

To this end, he said, the institute was given "administrative and financial independence to insure streamlined operations, operational decentralization and the active participation of growers at every level of leadership."

Lastly, Dr Arias analyzed the proposed technological policy for the farm sector, the guidelines of which were set forth by the Federal Farm Council at the request of the government of the province of Santa Fe. The council committee resolved to "promote technological development to boost the economic profitability of

farm enterprises at competitive international prices, while adapting product quality to the requirements of foreign and domestic markets, assuring the profitability of production systems and conserving natural resources."

Grains Law

Dr Alejandro Ayerza discussed the Grains Law and began his speech by stating that "the grains bill that the Legislative Advisory Commission has just acted favorably upon and that the Executive Branch is on the verge of approving, constitutes a basic reform of our grains marketing systems."

"One more step remains to be taken in denationalizing the grain trade: doing away with the federal government's current exclusive rights in connection with grain shipments."

He pointed out that "the bill's two main points are the elimination of public service terminal elevators and the absence of limitations on their utilization, inasmuch as the existing law states that they must not be owned by persons involved in the grain trade."

Shortage of Warehouse Space

He asserted that "we currently have a shortage of warehouse space, because for a 30-million ton harvest, like last year's, and for grain exports of around 18 million tons, we have storage capacity of about 18 million tons. This comes to about 60 percent of our output, compared to other countries that have up to 150 percent of production capacity in installed warehouse space."

In conclusion, he stated that "when the new law is passed, the National Grain Board will have two kinds of authority: a legal or judicial authority granted by new articles of the law for controlling monopolistic maneuvers in terms of monitoring the rates that could be charged at grain elevators for public services, and a de facto authority that will enable it to continue storing and exporting grains through existing facilities."

Foreign Trade

Alberto Luis Grimoldi, who broached the question of current and future markets for our farm products, began his address by stating that "this was an excellent opportunity to communicate with the farm sector, inasmuch as the Secretariat of Commerce and the Under-Secretariat of Foreign Trade of which he is in charge have participated little in talks with the farm sector, even though 50 percent of Argentina's export trade is from the primary sector, and up to 80 percent comes from the farm sector; in other words, 50 percent is from the primary sector and 30 percent is made up of processed farm products."

In connection with overseas marketing he stated that "it would be worthwhile to take a brief look back at the 1930's, when Argentina ceased to be a major agricultural nation and instead of evolving, gradually regressed and lost its share in the world market."

"He then asserted that "over these long 40 years Argentina's share in overall world trade dropped from about three percent to about one-half of one percent."

Grimoldi expanded on these remarks and stated that "political and economic ideas were responsible for this regression and loss of market share. The economic philosophy was that the country's chances for growth were directly linked to saving foreign exchange in purchasing foreign goods instead of to generating foreign exchange by selling products overseas."

With respect to the value of productivity he pointed out that "we are working for structural change in the search for higher productivity through competition and incentives to enhance our production methods and to better combine the resources to be invested, so that we will achieve goods whose domestic prices steadily approach world prices."

In conclusion, with regard to exchange rates, he explained that "it is common to hear people say today that the current exchange rate is inappropriate, but we have to keep in mind that when a grower says this, basically he is saying that the ratio of his products' prices, in others' values, to their consumption is lower than he would like."

Lastly he pointed out: "The current policy aims in the intermediate term at a real and permanent improvement for all of the country's production sectors whose productivity is relatively high."

Insufficient Land Use

Buenos Aires CLARIN in Spanish 18 Nov 79 p 21

[Text] When we compare the areas under cultivation in our country and the United States, the result is that ours are significantly smaller. The technological leap in Argentine agriculture has not yet enabled us to reach the level of the developed countries. The main obstacle is insufficient profitability, which hampers capital investments in the agriculture of the humid pampas.

An analysis of soil use in the 20 major American grain-growing states and on our humid pampas shows that a significantly larger surface

area is under cultivation in the United States. Figures on total developed land area show that 44.3 percent is devoted to grain growing in the USA compared to 32.8 percent in the pampas.

The aforementioned states are basically similar to the region of our country under consideration. They supply 86.5 percent of all the grains that go into commercial storage and 86.9 percent of overall reserves on farm. This is comparable to the percentage of national grain output accounted for by the humid pampas.

Both areas are also livestock regions, although we should point out that the United States makes greater use of "stockyard" feeding than our country. We should not overestimate this difference, however, because the grassland farming method still has a sizable number of adherents among American producers.

The first major distinction in farming in the two areas is, as we have said, the underutilization of grain-growing lands in the humid pampas. It has often been said that the available land in the pampas region has been completely occupied practically since the 1920's. The problem lies in the low intensity of development and ultimately in the sluggish investment of capital by farm enterprises and growers. These are the stumbling blocks to a substantial rise in output in the pampas region.

One aspect of this low intensity farming is the scant utilization of lands that are suitable for crops, inasmuch as they are used not for an optimum ratio of grain output but for activities that require less capital and labor per hectare, livestock raising in particular.

Cursory Glance

A cursory glance at developments in world prices over the last decade shows that we could obtain more foreign exchange income by growing corn or wheat than by producing meat. Thus, if we replace a corn crop with livestock in a plot of land that could be used for either purpose, we are causing a drop in production levels per unit of surface area.

The problem is one of costs. If we take a look at the other side of the equation, we see that whereas per hectare production of chilled meat and by-products (in other words, also taking into account the value added by subsidiary activities) requires somewhat more than 10 man-hours on the average, the manpower requirement for wheat hovers between 25 and 30 man-hours. In the case of an integrated development, the gap is bridged by the push given to the industrial apparatus and by increased farm mechanization (which makes up for

the workers who will tend to migrate) using technically suitable implements that cost relatively less. It is a fact that these conditions do not exist in our country and that the link between farms and industry tends to be severed by runaway domestic cost hikes that are primarily fueled today by financial operations.

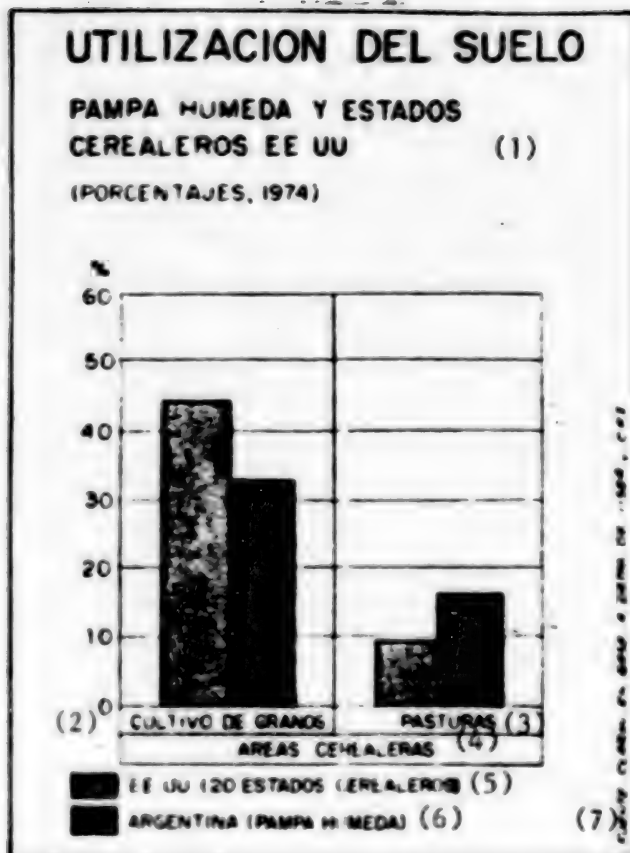
Figures

A brief look at the statistics will show us that in 1974, of the total surface area considered suitable for growing in the United States, 79 percent was earmarked for grains, 17 percent for pasture, and 4 percent remained idle. During the same year in the humid pampas (updating the 1960 farm census figures on the basis of the gains made in sown land) 62 percent was used for grain-growing, 28 percent for pasture land, with the rest lying idle or between crops.

The differences would be even greater if we took into account that the category pasture land in many cases does not include areas that are, in fact, perennial grazing fields. Observers have pointed out that a large segment of growers are reluctant to commit themselves to an improvement of this sort, since it involves a fairly sizable investment that is not easy to make, as compared to a tractor or a given farm machine.

More Area Under Cultivation

Gains were obviously made in the 1960's in the proportion of land under cultivation, due to the establishment of local automobile, tractor and agricultural chemicals plants. Of the total surface area under cultivation in the humid pampas in 1960, 22.2 percent was used to grow grains, while 26.5 percent was earmarked for pasturage. By 1974 the percentages had changed considerably: 32.8 percent for grain growing and 15.9 percent for pasture land. Nevertheless, these gains, combined with greater farm mechanization during the period, fell short of placing us on a level with the developed countries. This still far-off goal once more highlights the under-capitalized farming of the pampas.



Key:

1. Land Use: Humid Pampas and U.S. Grain States (1974 percentages)
2. Grain growing
3. Pasture
4. Grain-growing areas
5. United States (20 grain-growing states)
6. Argentina (humid pampas)
7. Source: CLARIN, based on USDA and [illegible] data

Agriculture Secretary Comments

Buenos Aires CONVICCION in Spanish 16 Nov 79 p 10

[Text] Argentina's secretary of agriculture and livestock, Jorge Zorreguieta, delivered a speech yesterday at the 20th General Conference of the FAO, which is headquartered in Rome.

The head of the Argentine delegation said the following in his speech:

"There are certain basic matters involved in the larger issue of world foodstuffs, and we ought to take this opportunity to bring them up. The first is the problem of food security. Argentina has repeatedly brought the matter up at this and other forums, and I must stress that the only way to achieve real food security is by simply pursuing proper policies to boost production.

"It must be made clear, therefore, that the creation of reserves of certain grains must aim primarily at stabilizing their prices at levels that are profitable for growers, so that we can thus insure the continuity of and a rise in production. In contrast, the buildup of large reserves to make up for major drops in world supplies would pose serious storage and financing problems and would not, moreover, guarantee world food security because it would depress prices, and the results would be the opposite of those being sought. Therefore, we feel that we must support acceptable remuneration for food producers in order to provide for a constant and growing supply of foodstuffs. We admit that reserves are useful in certain emergencies, but by themselves they will never be able to supply a world in which producers have lost interest in producing.

"Thus, seeking an international wheat agreement, we have talked at this conference about the need to establish, within the free market system, wheat stockpiles whose size would be in keeping with price scales that we thought were acceptable to producers and consumers. Moreover, just a few months after these prices were discussed and rejected, international trade demonstrated that they were extremely reasonable.

"Hence, we must not develop agriculture at all costs; we must, instead, boost output where comparative advantages are evident. This forces us to discuss world trade, which must acknowledge the major and growing limitations that will become acute in the future and influence the proportion of expenditures on fossil fuels to transform energy into food. The major protectionist barriers that isolate entire economies actually make agricultural development difficult in efficient countries and ultimately threaten world supplies, inasmuch as they in one way or another prevent economies of scale from being set up in countries with the conditions to boost output.

"The reasonable thing to do is to encourage competitive production by really opening up economic doors across the board, by improving the ratios of industrial and farm prices and by allowing technological

advances to circulate freely. This will no doubt trigger major changes in the structures of both industrial and farm production, but we must face up to the task if we want to meet the world's needs."

We would point out that the agreement that Zorreguieta mentioned was the one signed by Argentina, Australia, Canada and the United States in Winnipeg, where the agriculture ministers of these countries agreed to stockpile wheat for marketing at prices that would be acceptable to both producers and consumers, while observing the basic requirement of maintaining the unfettered workings of supply and demand.

USDA Harvest Estimates

Buenos Aires LA PRENSA in Spanish 23 Nov 79 p 12

[Text] The U.S. Department of Agriculture estimates that Argentina's 1979/80 farm harvest will be 31.5 million tons and that its share in the world market will be 2.4 percent.

This was disclosed by the National Grain Board in its news and statistical summary. It indicated that Argentine exports from January to September of this year totaled 15.98 million tons, of which 5.65 million were corn, 3.62 million grain sorghum, wheat 3.45 million and soybeans 2.71 million.

It added that the countries with the highest demand were Japan, 2.31 million; Spain, 2.15 million; Italy, 2 million; the Soviet Union, 1.64 million; Holland, 1.52 million; Brazil, 1.25 million and the People's Republic of China, 1.01 million tons.

Estimates

The U.S. study on the forthcoming harvest of wheat, feed crops and oilseeds by the six main world producers indicates that it will total 852.7 million tons, which is 64.9 percent of the estimated world output of 1.314 billion tons.

The United States heads up the list with 358.9 million tons (27.3 percent of the total), followed by the Soviet Union (176.1 million and 13.4 percent), mainland China (152.2 million, 11.6 percent), Eastern Europe (93.8 million, 7.1 percent), Canada (40 million, 3 percent) and Argentina, with 31.4 million tons and 2.4 percent of the world total.

By Crop

According to the estimated breakdown by crop, Argentina will supply 8 million of a total world wheat production of 400.6 million tons, which comes to 2 percent; 16.7 million, or 2.3 percent, of the 735.2 million tons of feed crops, and 6.7 million, or 3.8 percent, of a total world production of oilseeds of 178.3 million tons.

High Winds Damage Reported

Buenos Aires LA NACION in Spanish 25 Nov 79 p 27

[Text] Formosa--Little by little, the residents of the towns hit by the furious winds that descended on a wide area of the province are recovering from the amazement caused by the meteorological phenomenon, which was as sudden in coming as serious in its effects. Thus, a more complete survey of the damage has begun, and the information reaching the appropriate agencies through various channels is being put in order. This provides a clear overview of the situation and will facilitate a precise estimate of losses.

In an initial estimate, the governor of the province, retired Brig Gen Juan Carlos Colombo, pointed out that in monetary terms the damages would exceed a billion pesos.

This assertion and the visual impressions gained in flying over the 250 square kilometers hit by the gusts provide a rough idea of the major emergency that people faced.

We need only note in this regard that 100 persons were injured to various degrees and that crop damage extended over more than 3,700 hectares, to which we must add the loss of livestock and other animals, the destruction of houses and public buildings, etc.

Crop Losses

According to early official figures on damaged plantations, 2,500 hectares of cotton, 800 of corn, 300 of bitter cassava, 50 of watermelon, 10 of bananas and 8 hectares of miscellaneous crops are unrecoverable.

Moreover, the intense hailstorm caused the death of smaller livestock and poultry.

Schools and Police Stations

It was also reported that seven new and recently outfitted school buildings and more than four police stations were completely destroyed and that hundreds of dwellings were demolished or rendered uninhabitable, which will prompt particular concern for the social problem that it causes.

Governor's Activities

The governor of the province, accompanied by other high-level provincial authorities, inspected the area from the air to acquaint himself with the prevailing situation, in particular in two of the towns that were hardest hit by the wind storm, Laguna Blanca and Siete Palmas.

Upon his return, losses were initially put at more than 1 billion pesos. Meanwhile, it was reported that there were a total of 100 persons injured, only one of whom seriously, and she was placed in a medical facility for care.

It was also learned that the unusually violent storm "swept through" 250 square kilometers, particularly around Laguna Blanca, where 150 millimeters of rain also fell.

Aid Operation

Upon his return from the disaster area, Governor Colombo stated that 90 percent of the crops in the affected area were destroyed.

He also said that the situation is completely under control and that the operation to aid the victims is proceeding normally in accordance with plans.

The governor reported that "for the time being we will not ask for federal assistance."



The area hit by the tornado is the province's major population zone, because of its farming and livestock potential.

Expansion of Soybean Crop

Buenos Aires LA NACION in Spanish 24 Nov 79 p 3 Sec 3a

[Text] The expansion of the soybean crop continues apace. This year's harvest, which is officially estimated at 3.6 million tons, is more than 40 percent larger than 1978's. In terms of value, which is what counts, it surpasses by a wide margin the 7 million ton grain sorghum crop that growers expect to harvest this autumn. Thus, soybeans have become the third major crop in the pampas region this year, surpassed only by wheat and corn, traditionally our country's two largest crops, said Dr Adolfo A. Coscia, a technician with the EERA [expansion unknown] of the Pergamino INTA [National Institute of Agricultural and Livestock Technology].

Will this continue for much longer? If the trend in recent years persists, of course not. The production of both wheat and corn is moving slightly upward. In contrast, assuming a 20 percent a year increase for soybeans (the average annual growth rate for the last 5 years was 30 percent), by the end of the next 3 years we will be at 6.5 million tons, and if unforeseen changes do not take place

in other agricultural categories, it will become Argentina's number one crop in terms of the value of production.

Experts do not yet have a definite answer to the question of what the ceiling is on suitable growing area, but they feel that the oilseed has good possibilities in a very extensive region of the country. Soybeans are currently being grown with good results in no fewer than 10 provinces. Santa Fe, Cordoba, Buenos Aires, Entre Rios, Corrientes, Misiones, Tucuman, Salta, Chaco and Santiago del Estero have obtained yields in recent years that could be described as good to very good.

No other crop has the flexibility needed to achieve satisfactory results over such an extensive region with such varying ecological conditions. Corn is also planted throughout this region, but over a good part of it the yields have detracted from the crop's competitiveness on a commercial scale, and up to now it has been only a subsistence grain.

The world market, which has undergone a strong and constant upswing over the last 30 years, is far from constituting a brake on the expansion that this crop could experience in our country, even if we consider the most optimistic case. This does not, however, mean that we do not realize that temporary situations could occur in which supply will exceed demand and prices could be depressed to some extent.

In short, soybeans, which were little more than a botanical curiosity to our growers until the mid-1960's, are on the way to becoming our country's number one crop in a few years, perhaps as soon as the mid-1980's.

Santa Fe Soybean Crop

Buenos Aires LA NACION in Spanish 10 Nov 79 p 2 Sec 3a

[Text] Santa Fe--During the 1978/79 farm season the province of Santa Fe reaffirmed its position as the country's leading producer of soybeans, accounting for 58.9 percent of total production, which hit 3.7 million tons.

Santa Fe grew 2.18 million tons, as compared to 1.64 million last year. This was an increase of 340,000 tons, or 32 percent. Behind Santa Fe come Cordoba with 650,000 tons and 17.7 percent of the national total (an unquestionably spectacular gain of 118.7 percent for the current harvest); Buenos Aires, 520,000 tons; Tucuman, 149,000; Entre Rios, 54,000; Salta, 40,000; Corrientes, 35,000; Misiones, 31,000, and other provinces, 35,000 tons.

We should emphasize the expansion of the crop over the last 10 years, inasmuch as 31,800 tons were harvested in 1968/69. During that season 30,800 hectares were earmarked for soybeans, whereas in 1978/79 no fewer than 1.64 million hectares were planted, and only 40,000 were not harvested due to various climatic factors.

In Santa Fe, 879,000 hectares were earmarked for the crop, and the per hectare yield was 2,529 kilograms.

CNIE Farm Program

Buenos Aires LA NACION in Spanish 24 Nov 79 p 3 Sec 3a

[Text] The National Commission for Space Research (CNIE), a branch of the Argentine Air Force, is carrying out a program on the "Utilization of Remote Sensing Devices to Assess Farm Productivity and Enhance Farm Production Forecasts" that is getting economic and technical advisory assistance from the UN through the FAO.

The main objective of the agreement is to establish a remote sensing center run by the CNIE with input from the Under-Secretariat of Agriculture. This high-level technological and scientific training center will have as its priority goal an initial program to assess farm productivity and research aimed at improving crop forecast systems through the effective use of modern remote sensing techniques, satellites and planes.

This is the broadest and most analytically in-depth program that the UN is undertaking in the Argentine Republic. By the end of the year, work should be concluded on the program of activities and the training of the work forces for the mapping of large and small districts in the project zones in order to select statistical sampling areas that will subsequently lead to the identification of crops, the quantification of areas and accurate assessments of crop sizes.

8743

CSO: 3010

PEN APT OVES REFORMS TO GRAIN LAW

Buenos Aires LA NACION in Spanish 27 Nov 79 rp 1, 16

[Text] Yesterday, the secretary of agriculture and livestock, Mr Jorge Zorreguieta, announced that the National Executive Body [PEN] has signed the regulation making changes in the Grain Law, which authorizes the private sector to invest in the construction of terminal silos, and allows elevators to operate under the system of "public and private service."

The new legal instrument was originally prepared by the aforementioned secretariat, and aroused particular interest among all the sectors associated with grain production and marketing, both inside and outside of the country. The consideration of the bill, which has now become law, prompted meetings of the secretariat's authorities with the members of the Legislative Advisory Commission [CAL] to determine the exact scope of the new instrument.

The Message

The message accompanying the law states that, "Its purpose is to make a deepseated and necessary reform in the system of marketing Argentine grain, and hence in the economy of the agricultural sector as a whole;" and notes that, "A big step has, indeed, been taken with the elimination of the purchasing monopoly on the part of the state which, until recently, was the only purchaser of all the grain being produced in large volumes" in the country. It is now time to eliminate "such excessive state participation in commercial activity," because the shipping is being done exclusively by the National Grain Board [JNG].

It then observes that the progress made by the latter agency in speeding shipments "has not been sufficient to eliminate the problems involved in marketing," the delay in which is reducing the assets of the producers.

Ownership of the Elevators

It subsequently states: "Although it is true that the present legal system accepts the possibility of some individuals or sectors being owners of terminal elevators, by excluding the grain deals from that system it prevents

the sector most concerned and most closely related to this activity from participating in the shipment of grain, without benefiting anyone and, indeed, harming the agricultural sector and the Argentine economy."

According to the message, the control and overseeing of "a sound commercial conduct" may be exercised by the state through the existing legal mechanisms and the current governmental system of elevators. It adds that the permission "given to private individuals to construct terminal elevators to operate under the public or private service system will bring considerable reductions in costs and natural progress in the marketing of grain."

After enumerating the benefits that the new law will yield, the message stresses the fact that private investment will enable the state to divert its efforts to other "areas in which its intervention is essential, owing to the absence of the private sector and the need for the missing action."

Public and Private Service

After stating that a free tariff system with certain limitations has been proposed, it declares: "For the improved utilization of the country's installed capacity in the storage area it will be necessary to allow the elevators to use their idle capacity, by receiving goods from third parties at prices that have been freely agreed upon with the depositors according to the system in Decree Law 6698/63."

Other Provisions

The document also cites the reduction in the contribution to the National Grain Board, which will amount to as much as 1 percent; the elimination of bureaucratic restrictions that would impede private investment; the possibility that the board may charge a guarantee commission from every elevator owner to guarantee fulfillment of the contract; and the authorization of the operating entities to issue certificates of deposit.

The Text of the Law

"Article 1. Articles 9, Sections ee and ii, 13, Sections a and c, 40, 41, 43, 45, 46, 51, 52, 53, 74 and 78, Section b, of Decree-Law No 6698/63 (ratified by Law 16,478) and amendments, are to be replaced by the following:

"Article 9, Section ee: To authorize the use of terminal and field elevators and other facilities for the reception, storage, treatment and shipment of grain which operate under the public service system, subject to the terms of this decree-law. Section ii. It may be established as a guarantee of the purchase-sale contracts and other commercial operations involving grain and byproducts, at the request of any owner or user of an elevator or facility who seeks the guarantee regarding fulfillment of his obligations;

and in this instance a premium or a guarantee commission may be charged. It may also require whatever real or personal guarantees that it deems feasible from the depositaries and others who are under obligation according to the provisions of this section.

"Article 13. Section a. A contribution of up to 1 percent (1%) of the FOB value of the grain that is exported and processed, which will be set annually before 30 November by the board, with the approval of the National Executive Body, and paid by the exporters or manufacturers in the manner prescribed by the regulations which the National Grain Board will be required to issue.

"Section c. That produced by:

"1. The tariffs, rates and duties that it sets and receives from inspections;

"2. Any other service or guarantee commission charged by the department from private entities or facilities;

"3. The contributions in the form of facilities in the governmental system."

Public or Private Service

"Article 40. The grain elevators and other private facilities for the reception, storage, treatment and shipment of grain, both terminal and field, that exist in the country and those built in the future may operate under the public or private service system, according to the terms of this decree-law and the regulations in this regard that are issued by the National Grain Board.

"Article 41. Public service elevators or facilities are those which only store, treat and/or ship grain of third parties, required to render service to anyone who requests it, and to apply the rates uniformly, without showing any preference for any user.

Article 43. Private service elevators or facilities are those which store, treat and/or ship goods owned by the individuals or entities responsible for their exploitation. They may receive goods from third parties but, in this instance, mixtures of grains are prohibited unless certification of the quality and quantity received has been issued.

"Article 45. The privately owned terminal and field elevators or facilities which operate under the public service system must be authorized and equipped by the National Grain Board, which will issue the respective regulations and establish the standards for security and conservation of the grain.

"The terminal and field elevators or facilities located in publicly owned areas may be of the public or private service type, with authorization required in all instances.

"The terminal and field elevators or facilities located in privately owned areas, including the coastal regions, may be of the public or private service type.

"Article 46. The National Grain Board will oversee the rates for the services rendered by the privately owned terminal and field elevators and facilities which operate under the public service system, or those in the private service system which receive grain from third parties, seeing to it that:

"a. They are fair and reasonable.

"b. They bear a relationship with the market rates.

"c. They do not involve unfair competition."

Sale and Lease

"Article 51. With prior authorization from the National Executive Body, the National Grain Board may sell or lease the port facilities that have been excluded from the governmental system because they are regarded as unnecessary or uneconomical, but only to agrarian producers' associations and cooperatives, in accordance with the terms of the Law on Accountability.

"Article 52. The agrarian producers' associations and the agrarian cooperatives which build, purchase or lease elevators, warehouses, silos or facilities for the reception, storage, treatment and shipment of grain may use them under the public or private service system, and may render those services to unaffiliated third parties.

"Article 53. So that the agrarian producers' associations and cooperatives may exercise the rights called for in Articles 50, 51 and 52, they must be 'open;' that is, any agrarian producer may enter them."

Issuance of Certificates

"Article 74. The National Grain Board may authorize the owners or users of terminal or field elevators and other facilities, in public or private service, to issue certificates for goods received in their facilities under the terms stipulated in this chapter and its regulations. In this regard, the issuers of such certificates will have the same powers and obligations that are established in this chapter for the National Grain Board.

"Article 78. Section b. A fine of up to the equivalent of 1,000 tons of baking wheat, at the market price on the day before that of the resolution imposing it.

"Article 2. The following is to be added as a first article in Chapter VI of Decree-Law No 6698/63, with No 23:

"The national government will take the necessary and essential action to control and oversee a sound commercial conduct, aimed at preserving the availability of a public service system.

"The previous Article 23 will become 23b.

"Article 3. The following is to be added as Article 46b: Any act or omission on the part of the owners or users of elevators and other facilities which operate as a public service that interferes with the freedom for contracting of the producers, their cooperatives, collectors or any user, will be considered a monopolistic practice, included among those penalized by Law 12,906 or the regulations replacing it.

"Article 4. Articles 42 and 76b of Decree-Law No 6998/63 are repealed."

2909

CSO: 3010

COMPENSATORY SUPPORT PRICE DEMANDED FOR SUNFLOWER SEED CROP

Buenos Aires CLARIN in Spanish 26 Nov 79 p 40

[Text] Resistencia--The agrarian sector in the province has evinced great concern over the level of prices on the market for oleaginous products in the province and even in the international area, as the start of the new sunflower seed harvest approaches, with the possibility of moving a large volume of product.

In fact, the two entities which include the vast majority of producers, namely, the Argentine Federation of Agricultural Cooperatives (FACA) and the Union of Cotton Growers Agricultural Cooperatives Ltd (UCAL) have voiced their concern publicly, in view of a crop which is estimated to have covered 250,000 hectares located in Chaco, ranking second among the sunflower seed producing provinces, and which to some extent has become a godsend for the sector's large debt.

These entities actually claim that, as the time is approaching for the beginning of the threshing, the market quotations at the Buenos Aires terminal are offering no more than 390,000 pesos per ton for December and January, without any recovery in the prices as anticipated. On the contrary, it would appear that the realization that the northern area is on the brink of a large harvest has brought about a widespread lull in the movement of demand. It should be added to this that the price of 390,000 pesos per ton is far from compensatory, when one considers the fact that the freight charges from the production centers to Buenos Aires fluctuate around 80,000 pesos per ton.

Compensatory Price

In view of this state of affairs, UCAL has requested of the provincial government its backing in obtaining a support price for sunflower seed that will be compensatory from the National Executive Body; backing which has not been given because, as the minister of economy himself, accountant Luis Eguivar, put it, it is not in keeping with the general lines of the economic policy that is in effect in the country. A similar refusal was that related to the request for equipping the port of Barranqueras as a reference point for purchases.

The complex situation is also disturbing because of the fact that the hopes of nearly 80 percent of the agricultural sector were concentrated on a revenue-producing harvest as a starting point for a plan of capital formation and elimination of the debt which, if it should fail, might break up and destroy a large part of the powerful agricultural cooperative movement in Chaco.

Generally speaking, the status of the sunflower seed crops is good, although the optimal level that had been mentioned at the outset is lacking, mainly because, in some areas, there is evidence of a rather unequal growth in the plants and some plant health problems. Despite the fact that it is under control, all of this has entailed expense for spraying, which has raised production costs, in contrast to the decline in the prices of the product.

2909

CSO: 3010

ARGENTINA

BRIEFS

BANKRUPTCIES RISE--According to a report in the specialized journal VERITAS, during November of this year commercial and personal bankruptcies increased twofold in comparison with the same month last year. Liabilities amounted to 23.441 billion, as compared with 11.821 billion last year. During the 11 months of this year that have elapsed, there were 564 new court decisions, involving debts of 629,670,298,244 pesos, in contrast to 747 court decisions with liabilities of 68,006,173,509 pesos in 1978. As a result, during November of this year the commercial and personal bankruptcies increased in comparison with last year; but there was also an increase in liabilities, and a reduction in court decisions. [Text] [Buenos Aires LA OPINION in Spanish 1 Dec 79 p 14] 2909

CSO: 3010

COMMENTATOR SEES U.S. LOSING ALLIES

PY211654 La Paz Radio Fides in Spanish 0200 GMT 21 Dec 79 PY

["Is It True or Not" commentary entitled: "The Empire Is Falling Apart"]

[Text] The U.S. empire is falling apart. The clearest example of this is the fact that the dollar is on its knees pleading for mercy from the currencies of other industrialized nations.

The United States has experienced many military and diplomatic defeats in the past 25 years. In Korea, Vietnam, Angola, Ethiopia, the Dominican Republic, Cuba, Nicaragua, Iran and in so many other countries (in the Western) world. The causes of these defeats are complex, but they include a lack of diplomatic tact, CIA [words indistinct], the naivete of the U.S. Congress and the fact that the United States has not stood by its allies.

The representatives of this falling democratic empire have the power to decide to enforce an economic aggression through the sale of U.S. tin reserves, order a military occupation or enforce a diplomatic blockade. Today, moreover, none of the U.S. allies can take anything for granted. A blow below the belt can come at any time [words indistinct] a mockery of traditional friendship.

The United States, nevertheless, still has a few allies in Europe and Latin America. But the allies the United States used to have in other regions have learned their lesson. Little by little they are drifting away, because the same thing that happened to other governments which had friendly relations with the White House can happen to them.

Bolivia is astonished today by the announcement that the U.S. Congress has approved the sale of U.S. strategic tin reserves. We are astonished because we believe that now that we are experiencing this new incipient democracy (we deserved more respect) from the more stable U.S. democracy. But we have suddenly been reminded of that famous phrase: Business is business.

This is undoubtedly so, but our American friends are forgetting that a political alliance is also business. We remind them, therefore, that

although on one hand they are giving us some tons of wheat, they are stabbing us in the back by exploiting one of the few resources we are still able to sell on the international market.

Although we do not want to get involved in U.S. domestic policy we want to note that when a formerly wealthy man who has come down in the world (?starts to count) his pennies it means he is bankrupt, and when an (?empire) is bankrupt [words indistinct] power.

The United States does not know how to keep its family [words indistinct]. This is unfortunate because it will seriously undermine the empire. [sentence indistinct]

CSO: 3010

BOLIVIA

BRIEFS

ARMED FORCES PROMOTIONS ANNOUNCED--Brig Gen Armando Reyes Villa, the present commander in chief of the armed forces, has been promoted to division general, according to the general promotion law of the armed forces. The army commander, Gen Ruben Rocha Patino, has been promoted to major general. A total of 14 high-ranking officers of the army, air force and navy have been promoted to the next highest rank in accordance with the promotion law. Army Colonels (Hernan Ferre Lobo), (Jose Sanchez Calderon), (Fernando Camacho Arca), (Ricardo Gutierrez Molina) and (Manuel Dorado Flores) will become brigadier generals as of January. Air force brigadier generals Jaime Nino de Guzman and Antonio Tobar Pierola have been promoted to the rank of major general. Also in the air force, colonels Waldo Bernal, Natalio Morales Mosquera and (Jorge Lagunas Zarate) will become brigadier generals. The following are the promotions in the navy: Capt Ramiro Terrazas Rodriguez, commander of the navy, has been promoted to rear admiral, together with Capt Tomas Orozco Saracho. The general order of stationings will be announced before the end of the month. [Text] [PY211332 La Paz Radio Panamericana Network in Spanish 1130 GMT 21 Dec 79 PY]

PREFECT OF ORURO DEPARTMENT--Oruro, 19 Dec--Dr Oscar Chavez was sworn in as Prefect of Oruro Department on 18 December, following his appointment by the executive branch. [PY262033 La Paz EL DIARIO in Spanish 20 Dec 79 p 6 PY]

NEW NATURAL GAS PRICE--The Argentine-Bolivian Commission in charge of negotiating the new natural gas price ended its meeting in Buenos Aires. The price of the Bolivian gas sold to Argentina has been increased 62.22 percent and will permit Bolivia to earn an additional \$100 million per year. [PY262033 La Paz Infobol Diplomatic Information Service in Spanish 1930 GMT 24 Dec 79 PY]

AMBASSADOR FROM ECUADOR--Career diplomat Luis Lopez Calixto has been appointed Ecuadorean ambassador to the Republic of Bolivia. [Quito Voz de Los Andes in Spanish 1230 GMT 20 Dec 79 PA]

CSO: 3010

CONGRESS APPROVES NATIONAL BUDGET FOR 1980

Rio de Janeiro O GLOBO in Portuguese 27 Nov 79 p 4

[Text] Brasilia--Yesterday in an evening session the Congress approved the final draft of the national budget for the coming year and forwarded it for presidential approval. According to the approved bill, expenditures and revenue will be 998,036.17 million cruzeiros.

The joint committee that examined the budget made only spelling and editorial changes in the draft "that had no effect on its functional-programatic character and did not affect the anticipated expenses," according to the reporter, Senator Raimundo Parente (ARENA-AM).

1980 National Expenditures

Agencies	Grand Total (in 1,000 cruzeiros)
Legislative Branch	5,915,530
Chamber of Deputies	3,013,450
Federal Senate	2,213,905
Audit Court	686,175
JUDICIARY BRANCH	6,519,341
Federal Supreme Court	233,000
Federal Court of Appeals	311,600
Military Justice	359,020
Electoral Courts	1,465,815
Labor Tribunals	3,220,999
Federal Primary Courts	655,700
Courts of Federal District and Territories	273,207
EXECUTIVE BRANCH	522,364,929
Office of the President	11,877,263
Ministry of the Air	19,336,806
Ministry of Agriculture	24,392,534
Ministry of Communications	1,982,200
Ministry of Education and Culture	52,805,041
Ministry of the Army	28,688,400

Agencies	Grand Total (in 1,000 cruzeiros)
Ministry of Finance	12,786,762
Ministry of Industry and Commerce	16,537,696
Ministry of the Interior	11,242,450
Ministry of Justice	2,904,320
Ministry of the Navy	20,487,163
Ministry of Mines and Power	17,804,398
Ministry of Welfare and Social Security	27,554,453
Ministry of Foreign Affairs	4,514,237
Ministry of Health	13,882,769
Ministry of Labor	4,939,062
Ministry of Transport	142,327,271
FND (National Development Fund)	97,485,704
FNDU	10,816,000
Subtotal	534,979,800
National general expenses [End. Gerais da Uniao]	92,399,909
Transfer, States, Federal District, Municipalities [Transf. Est. D. F. Municp.]	158,101,352
National Financial Expenditures [Enc. Previd. da Uniao]	71,595,907
Projected National Expenditures [Enc. Previd. da Uniao]	53,909,702
Reserve	37,231,500
GRAND TOTAL	998,036,170

7628

CSO: 3001

RISK CONTRACTS MADE MORE FLEXIBLE; FIRST CONTRACTS SIGNED

Government Goals, Policies

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 13 Dec 79 p 34

[Text] Rio de Janeiro--Mines and Energy Minister Cesar Cals announced yesterday that the government will make the risk contracts "more flexible." For this purpose he will call upon representatives of foreign companies operating in the risk areas to study with them what obstacles must be removed in order to accelerate petroleum exploration in Brazil.

Although he rejected the proposition that regions already producing petroleum, such as the Santos Basin, should be included in risk contracts, the mines and energy minister stressed that the government wants more domestic and foreign companies to participate in risk contracts, for which more flexibility is essential.

Minister Cesar Cals also rejected the possibility of changing Law No 2004, which established government monopoly of petroleum through PETROBRAS [Brazilian Petroleum Corporation]. As he pointed out, the current trend in the petroleum world is to increase government influence, especially in producing countries, as has been the case with Middle-East suppliers, even benefiting PETROBRAS itself.

Indebtedness

Cals opened the Brazilian Seminar on Fluidized Combustion in the PETROBRAS auditorium and reiterated that in 1985 dependence upon foreign oil will be reduced to 500,000 barrels daily of a consumption of 1.7 million barrels, whereas at present it is 960,000 imported barrels within a total consumption of a little over 1 million barrels daily.

The mines and energy minister will be in Rio de Janeiro until tomorrow studying with the directors of government enterprises under his ministry's jurisdiction the problems resulting from increased foreign debt in wake of the cruzeiro's devaluation. Cals announced that he began this yesterday by meeting with directors of ELETROBRAS [Brazilian Electric Power Companies,

Inc], the Rio Doce Valley Company and CAED [expansion unknown]. After making this survey he will submit to Planning Minister Delfim Netto a view of what difficulties these companies are likely to face as a result of their increased foreign debt payments so the government can devise measures to reduce the impact of the cruzeiro's devaluation.

The Model

In his speech to participants in the Seminar on Fluidized Combustion, Minister Cesar Cals asserted categorically that the government will pursue the goal--which he himself considers ambitious--of producing 500,000 barrels of petroleum daily by 1985, also obtaining an equivalent production from alternative sources such as coal and charcoal, alcohol, shale and biomass.

According to the mines and energy minister, PETROBRAS is not likely to reach its objective for this year of producing 200,000 barrels a day, "because of the delay in one of the Garoupa system wells." In regard to drilling objectives, Cals promised that the goal of 730,000 meters will be met this year, to reach 1 million meters in 1980.

After reaffirming the main points of the energy model, Minister Cesar Cals revealed that the mixture of alcohol with gasoline will be reduced in order to add alcohol to diesel fuel and increase the production of the latter derivative. He also announced that 40 new coal mines will be opened, including underground and strip mines, in order to increase domestic production from 4.5 million tons to 27 million tons by 1985.

Probable New Areas

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 11 Dec 79 p 32

[Text] Rio de Janeiro--Petroleum exploration in shallow water off the coast of Ceara, Rio Grande do Norte, Alagoas and Sergipe and even in areas adjacent to those where PETROBRAS has already discovered oil, such as the Campos Basin in Rio de Janeiro, will be among the measures pursued by the government to accelerate exploration through risk contracts.

This liberalization of the risk contracts, according to a highly-placed PETROBRAS source, results from President Joao Figueiredo's announcement last Friday that petroleum exploration policy will now be pursued "more broadly."

It is assumed even within PETROBRAS that the Campos Basin itself will be included in the requests for risk-contract bids so that domestic and foreign companies can be attracted to participate more actively in the exploration process.

The PETROBRAS executive board as of yesterday had not received any new guidelines about the new policies for domestic oil exploration announced

by President Figueiredo. PETROBRAS President Shigeaki Ueki met with the board of directors yesterday morning but had no announcement to make about any change in exploration policy. Exploration Director Carlos Walter Marinho Campos went to Brasilia yesterday, but for the purpose of participating in the signature ceremony today in Minister Cesar Cals' office for the risk contract with the IPT [Technological Research Institute]-CESP [Sao Paulo Electric Company] consortium.

But in circles connected with the company, it has been taken for granted that once again, as in the case of what happened when the risk contracts were announced by former President Geisel, the company's directors will be called upon to carry out a decision arrived at within the upper reaches of the federal government. The contracts should now present less risk to the domestic and foreign companies (mainly the latter) in searching for oil in Brazil. But, offsetting that, they would be offered less remuneration in case commercial deposits are discovered, which until now was not possible.

The areas selected thus far by PETROBRAS for inclusion in risk contracts are among those that have high exploratory risk, including those on the continental shelf. This new round of contracts would have the objective of making available areas considered by PETROBRAS as having greater probability for finding deposits of commercial value.

Domestic petroleum production in November reached an average of 184,815 barrels daily, surpassing the November 1978 average by 7.6 percent.

Problems and Distortions

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 11 Dec 79 p 32

[Text] Rio de Janeiro--The multinational companies are not interested in finding petroleum in the areas where they operate as concessionaires and any further liberalization of the risk contracts could be fatal, a member of COPPE--Coordination of Postgraduate Programs in Engineering--Adilson de Oliveira, said yesterday during the Seminar on Energy and Developmental Technology.

According to him, these companies conceal their discoveries of oil in order to renegotiate contracts on more favorable terms. Oliveira revealed that one of the Esso directors, when that company was operating in Iraq, had asserted that "we always drilled shallow wells without any danger of finding petroleum." In view of such events that have occurred in other countries, he felt it was very important to strengthen PETROBRAS control over its monopoly, even in regard to negotiations with Governor Paulo Maluf.

The president of GFIPOT [Executive Group for Study of Transportation Integration Policy], Elcio Costa Couto, had already asserted during his discussion of "fuel and transportation policy" that reducing consumption of petroleum derivatives in the transportation sector would be difficult due

to pressures from the automobile industry. That opinion was also expressed by Joao Lizardo Araujo of COPPE, who does not expect the measures for reducing consumption to have any effect as long as the automobile industry continues growing at an annual rate of 8 percent.

Costa Couto believes that the most serious distortion in the transportation sector is the inappropriateness of its use, with excessive dependence upon transporting freight via highways. He asserts that a drastic reduction in Brazil's oil supply could lead to a national disaster that could turn into a social crisis; hence, the government should give higher priority to urban transportation, although there should also be a heavy concentration of investment in export corridors such as the soybean and steel railways.

Seminar participants felt that petroleum will continue to be the center of discussion and the cheapest energy source to replace imported petroleum is still domestic petroleum. That is why PETROBRAS is spending \$3.5 million a day in exploration and production, although it is constantly criticized for not finding oil. According to Mauricio Alvarenga, superintendent of the PETROBRAS Production Department, Brazil is clearly a poor country and must administer its resources selectively. The Parana Basin, for example, has not produced encouraging results because the diabase rock, sometimes as much as 1,500 meters thick, makes geophysical methods useless. Drilling locations are chosen in accordance with the degree of risk.

Sao Paulo State Consortium

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 11 Dec 79 p 32

[Text] Brasilia--PAULIPETRO, a consortium formed within the government of Sao Paulo State--but which will also be open to private initiative--will sign today in the Ministry of Mines and Energy the first 17 risk contracts with PETROBRAS for petroleum prospecting and exploration in the Parana River Basin.

That announcement was made yesterday in Planalto Palace by Governor Paulo Maluf after a meeting with President Joao Figueiredo when he went to thank him for the support received from the federal government, "Because, although PETROBRAS always expressed good will, things happened more promptly due to the president's interest."

According to the governor, the first phase provides for prospecting in 17 predetermined tracts, each with 10,000 square kilometers. PAULIPETRO is given the option, within 6 months, of prospecting for 10 more geological tracts in the Parana River region, within the states of Mato Grosso do Sul, Parana or Santa Catarina.

The consortium's initial capital, already partly provided for in the state budget, will be 100 million cruzeiros. Next year 1.8 billion cruzeiros are to be spent.

To form PAULIPETRO, the state government trained a technical staff of 120 geologists and is also mobilizing the entire CESP and IPT organizations as its base of operation.

The state government expects that after the risk contracts are signed it will promptly open competitive bidding at the beginning of the year for purchase of drilling rigs abroad, for which reserves have already been set aside.

After making the awards and purchasing the rigs, the next step is to assemble the equipment as soon as possible--about May--in order to begin drilling by the end of June or the beginning of July.

In the first prospecting step the state government will also have the support of Project RADAM [Amazon Radar], which has made an extensive survey and geological chart of the region, and the National Space Research Institute.

According to Governor Paulo Maluf, the economic feasibility studies showed that PAULIPETRO will have a chance for success only if it is able to drill rapidly, covering the preestablished network in minimum time so that it can concentrate entirely where indications of petroleum are the strongest.

Pre-Qualified Firms Listed

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 27 Nov 79 p 27

[Text] Rio de Janeiro--Of the 40 companies prequalified by PETROBRAS for the fourth round of risk-contract bids, 7 are Brazilian: CESP, Camargo Correa Construction and Commerce, Andrade Gutierrez Construction, Mendes Junior Construction, Queiroz Galvao Construction, IPT and TENENGE (National Engineering Technique).

PETROBRAS offered 123 tracts in this round, of which 24--totaling 67,800 square kilometers--are on the continental shelf: 5 tracts off the Amapa-Para coast, 2 off Maranhao, 4 off Ceara and Rio Grande do Norte, 2 off Pernambuco and Alagoas, 2 off Bahia, 5 off Sao Paulo, Parana and Santa Catarina and 4 off Rio Grande do Sul.

The other 99 tracts, totaling 1.1 million square kilometers, are on shore. This time PETROBRAS included the Acre Basin, which had not previously been open to risk contracts, with 20 tracts, along with the Middle Amazon, with 4 areas, and the Parana Basin, with 75 tracts.

Of the 33 prequalified foreign companies, 16 are already participating in risk contracts with PETROBRAS. The prequalified companies that pay the registration fee of \$250,000--or, in the case of Brazilian companies, the equivalent in cruzeiros--will receive the geological and geophysical data pertaining to the tracts being bid after 4 December and may submit proposals until 1700 hours on 9 April 1980.

Foreign Firms

The prequalified foreign firms are: AGIP [National Italian Oil Company] S.P.A. (Italy), Allied Chemical Corporation (U.S.A.), Amoco-Standard Oil Company of Indiana (U.S.A.), Atlantic Richfield Oil Company (U.S.A.), Canadian Superior Oil Ltd (Canada), Cities Service Company (U.S.A.), Compagnie Francaise des Petroles--Total (France), Continental Oil Company--CONOCO (U.S.A.), Deminex (FRG), Ensearch Exploration Inc (U.S.A.), Exxon Corporation (U.S.A.), Gulf Oil Corporation U.S.A.), Hispanoil (Spain), Hudson's Bay Oil and Gas Company Ltd (Canada), Husky Oil Ltd (Canada), Idemitsu Oil Development (Japan), Japan Petroleum Exploration (Japan), Mobil Corporation (U.S.A.), Ocean Drilling and Exploration Company--DECO (U.S.A.), Pennzoil Company (U.S.A.), Phillips Petroleum Company (U.S.A.), Shell Petroleum B.V. (Netherlands), Sedco Inc U.S.A.), Shell Oil Company (U.S.A.), Societe Nationale Elf Aquitaine (France), Standard Oil Company of California (U.S.A.), Texaco Inc (U.S.A.), the British Petroleum Company Ltd (United Kingdom), the Burmah Oil Company Ltd (United Kingdom), Tricentrol Ltd (United Kingdom) and Union Oil Company of California (U.S.A.).

November Production Figures

Rio de Janeiro O GLOBO in Portuguese 11 Dec 79 p 24

[Text] Average daily Brazilian production of petroleum in November was 184,815 barrels, 3.1 percent higher than that of October and 7.6 percent greater than that of November 1978, PETROBRAS announced.

The company said that in the early part of December the average daily production had increased to about 190,000 barrels. During the January through November period, petroleum production was 56,676,368 barrels, which is 2.05 percent greater than production during the first 11 months of 1978.

There were 5,344,458 barrels of petroleum produced in November, 2,120,417 of which were on the continental shelf and 3,424,041 onshore. Average daily offshore production in November was 70,680 barrels, which is 4.44 percent higher than in October. Onshore, the November daily average of 114,134 barrels surpassed October production by 2.28 percent.

8834
C30: 3001

RECENT DEVELOPMENTS IN WAR MATERIEL INDUSTRY REPORTED

Industry Restructuring Studied

Rio de Janeiro O GLOBO in Portuguese 29 Nov 79 p 33

[Text] Brasília--Adm Ibsen de Gusmao Camara, vice chief of staff of the armed forces, said yesterday that the armed forces staff is studying the restructuring of the country's war materiel industry in order to prevent competition that does harm and does not bring benefits. At this time, he added, an armed forces staff team is visiting Brazilian war materiel industry enterprises to learn, case by case, all the problems of the sector.

After pointing out that the war materiel industry is becoming ever more potent, within the technological, industrial and military context, Adm Ibsen de Gusmao Camara stated: "The intention is, among other things, to prevent excessive competition, which leads to a superimposing of efforts and resources. This is one of the problems that we have to avoid, but without permitting a monopoly to arise."

Rationalization

Admiral Ibsen pointed out the need for "the bases of the Brazilian war materiel industry to become ever more firm and lasting."

"The country's war materiel industry must compete on all markets in offering products under advantageous conditions with regard to quality and price, and that is already happening in various parts of the world, as witness the exporting of war materiel from the country even to the Middle East. The idea is for us to be able to compete on the external market."

Military Power

The admiral said that "in a world as turbulent as this one, the countries need to balance the aspects of development and security."

"Dealing only with development," added Ibsen de Gusmao Camara, "and giving security second priority is extremely risky. Brazil is a country that now has international statute that requires military power compatible with that statute. It would be extremely dangerous to devote all our efforts to development, and to neglect security. And security will be obtained only with military power equal to our development. If we compare Brazil's gross national product and our military power with the military power of other countries, we note a great imbalance, because we are among the 10 richest nations in the world with regard to gross national product, and we are very disadvantageously situated in terms of military power, even in Latin America from some standpoints."

Arms Sale Abroad Approved

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 1 Dec 79 p 6

[Text] Gen Gentil Marcondes Filho, commander of the 1st Army, admitted yesterday in Rio that "pacifist circles" are bound to criticize the sale of Brazilian armament abroad, but he immediately sought to reduce the effects of those objections as much as possible by stating that "regardless of the circumstance those circles would always oppose the sale of arms, but one should not lose sight of the fact that if Brazil refuses to sell arms to one country or another, others will do so."

The general supported the statements made the day before by the vice chief of staff of the armed forces, Adm Ibsen Gusmao, proposing the restructuring of Brazil's war materiel industry--IMBELL--to satisfy the external demand. He recalled that "if Brazil is going to enter the outside market in the sale of arms, it is clear that there must be a restructuring of that industry."

To Brazil, the sale of war materiel represents "an item like any other in helping our balance of payments. Consequently there is no reason to be worried about the possibility of controversy, which always happens when there is a discussion of winning a share of the external market in any sector. Obviously the competition does not like it."

Yesterday, too, Gentil Marcondes Filho participated in a ceremony that the headquarters of the 1st Army held in the afternoon at the Duque de Caxias Palace for 33 officers, including instructors and students, of the Higher Technical School of the Argentine Army. The head of the group, Gen Jorge Horacio Croce, expressed surprise at "Brazil's high degree of development, especially in the infrastructure of the transportation and communications sectors." The Argentine officers visited the Agulhas Negras Military Academy--AMAN--in Resende, and other military schools. Today the group visits Petropolis, and tomorrow it heads for Canada to continue its instructional trip.

GM and ENGESA Tank Engine

Rio de Janeiro O GLOBO in Portuguese 25 Nov 79 p 46

[Text] Brasilia--Representatives of ENGESA--a war materiel enterprise with headquarters in Sao Paulo--and General Motors were at the War Materiel Department on Friday to communicate to that agency of the Ministry of the Army the agreement that they had signed, whereby General Motors committed itself to provide engines for the CASCAVAL tank for 2 years.

The problem of providing the Detroit-General Motors engine for the Brazilian tank came up recently when its production in Sao Paulo was suspended. ENGESA has CASCAVAL tanks that use the Detroit-General Motors engine and those that use the Mercedes Benz engine.

Technical Assistance

The agreement between the two enterprises became necessary, at least for a period of 2 years, as was stated, not only because there are CASCAVAL tanks that require GM engines, but also because of the technical assistance that will be required for those that depend on General Motors engines technology.

The CASCAVAL tank is one of the main attractions on the list of materiel exports of Brazilian industry, and it has already been subjected to various combat tests in the Middle East (it was used in Libya) and industrial tests.

The head of the War Materiel Department of the Ministry of the Army and a member of the high command, Gen Benedicto Pinto de Almeida, revealed in an exclusive interview with O GLOBO that "Minister Walter Pires has already established a policy of massive support for the Brazilian war materiel industry.

"And this support," he added, "is aimed at the complete nationalization of military materiel, which will make it possible to achieve an important objective--importing as little as possible and depending on foreign materiel to the minimum extent necessary."

The head of the War Materiel Department also said that during his recent visit to Europe the West German war materiel enterprise MAN made known its intention to set up a plant in Brazil.

The member of the high command visited war materiel firms of West Germany and Italy. "The advanced technology of these enterprises impressed me greatly, but we are in a position to achieve success in the plans developed in that sector of Brazilian industry," the general pointed out.

High Level

According to Gen Benedicto Pinto de Almeida, "the Brazilian war materiel industry has already attained a high degree of nationalization and participation in the national economy.

"Among other significant examples, we cite the case of submachine guns made in Sao Paulo by the subsidiary of the Italian Bereta firm. Brazilian industry has great potential, and we can believe and have faith in its effort to develop Brazilian technology and the Brazilian industrial park."

European Exhibition

Benedicto Pinto de Almeida stated that "at the end of the month a commission from the MAN firm will arrive in Brazil not only to study the possibility of installing a plant in Brazil, but also to exhibit its heavy trucks for civilian and military use.

"It is a question of trucks of more than 5 tons, and as far as the installation of the German plant in Brazil is concerned, I believe that it is appropriate, since by bringing in advanced technology it can contribute to increasing the export of war materiel produced here."

Gen Benedicto Pinto de Almeida also emphasized "the reliability of the Brazilian war materiel industry, which has the respect of foreign competitors in the international market.

Rio May Get Plant

Rio de Janeiro O GLOBO in Portuguese 30 Nov 79 p 2

[Text] Brasilia--The head of the War Materiel Department of the Ministry of the Army, Gen Benedicto Pinto de Almeida, said yesterday that Governor Chagas Freitas had offered a piece of land on which to build the plant of the German MAN firm, which also produces military equipment.

The information was provided when the general closed the welcoming ceremony for German businessmen, following the address by MAN's director, Professor Rudolf Klanner.

Gen Pinto de Almeida, also a member of the army high command, said that if agreements are reached on the installation of the MAN plant in Rio, the West German firm is going to produce in Brazil heavy 5-ton trucks for civilian and military use.

The general declared that "heavy industry with highly sophisticated technology in Brazil is very interesting, for it can increase the country's technology nationalization index."

BRIEFS

TORTURERS SHOULD BE TRIED--Luis Carlos Prestes, secretary general of the Brazilian Communist Party, said yesterday in Porto Alegre that "communists are realistic and aware that there is now no power to bring torturers to trial." He noted, however, that "when this power exists, all tyrants will be tried by the people, not only torturers themselves but also those who ordered torture, beginning with the president of the republic and the chief of the National Intelligence Service [SNI]." Asked if General Figueiredo is included among torturers, Prestes pointed out that Figueiredo was the SNI chief under the Geisel administration and the chief of the military household under the Medici administration. At a press conference he held at the Rio Grande do Sul Legislative Assembly, Prestes elaborated on his recent remarks concerning young officers which elicited a statement from III Army Commander Gen Antonio Bandeira. Prestes made it clear that he had never incited any officer to insubordination. "I do not think they could conclude that from my statement," he said, "since all I did was comment on the composition of the armed forces, pointing out that most young officers come from poor, small bourgeois sectors. I myself joined the army because of that, and the small bourgeoisie is not free from a terrible pauperizing process." [Excerpt] [PY202320 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 20 Dec 79 p 7 PY]

COMMENTATOR SEES KHOMEYNI IN TROUBLE--International crises can be used as a mechanism for international mobilization and can serve to solve domestic crises. There is almost total consensus today that the conflict between the United States and Iran was provoked to be used as a factor for national mobilization in Iran for the purpose of giving more breathing room to a regime in crisis--namely, the regime of Ayatollah Khomeyni. This device worked at the beginning and Khomeyni took advantage of the national mobilization brought about by the conflict with the United States to strengthen his personal power. But President Carter succeeded in handling the crisis with caution and ability, consequently international reaction turned against Khomeyni, and internal contradictions surfaced in Iran where there are mainly two problems--namely, the isolation of Khomeyni from the rest of Iranian Islamic top echelons, and the force of Islam which is also wielded by ethnic minorities in Iran, such as the Turks. As a result we witnessed the most spectacular political phenomenon of the year: the fall of the monarchy in Iran.

followed by a revolution based on political religiosity--an unknown phenomenon in the West. This is the year's most spectacular political phenomenon and 1979 is coming to an end in a state of latent tension which is perhaps even the most spectacular consequence of all those created by the Iranian revolution. [Text] [PY202042 Sao Paulo Radio Bandeirantes in Portuguese 1000 GMT 20 Dec 79 PY]

CATHEDRAL BOMBED--Rio de Janeiro, 20 Dec (AFP)--It was reported here today that a bomb was thrown into the Cathedral of Nova Iguaçu, a city close to Rio de Janeiro. According to the information released by the diocese, the bombing caused no casualties, only damages, because the bomb exploded on the church's main altar. The bishop of Nova Iguaçu is Msgr Adriano Hipólito, who was kidnaped by a rightwing terrorist commando at the end of 1976. Just recently the walls of the Cathedral of Nova Iguaçu were defaced with offensive remarks against Msgr Adriano Hipólito, whom the perpetrators of the terrorist attack accused of being a homosexual and a communist. [Text] [PY201852 Paris AFP in Spanish 1525 GMT 20 Dec 79 PY]

GUINEA-BISSAU PRESIDENT VISIT--Brasília--Luis Cabral, the president of Guinea-Bissau, will visit Brazil during the first quarter of 1980. This information was released yesterday by Itamaraty spokesman Bernardo Pericas. The exact date of the trip will be set by the foreign ministries of the two countries. The visit was confirmed by Manoel dos Santos, chief of the department and of the coast guard of Guinea-Bissau [title as published], who has been in Brazil since Saturday to discuss technical cooperation in the fishing sector. [Excerpt] [PY182238 Rio de Janeiro O GLOBO in Portuguese 18 Dec 79 p 6 PY]

STEEL EXPORT SURPLUS--Aluisio Marins, secretary on the Nonferrous and Steel Council [CONSIDER], announced yesterday that Brazil this year has posted a \$50-million surplus in the trade balance of metal products, with exports worth \$470 million versus imports worth \$420 million. According to the Brazilian Steel Institute, Brazil will this year rank 12th among the world's largest steel producers, with an output of 13.8 million tons. [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 8 Dec 79 p 27 PY]

SENTENCED DISMISSED--The Superior Military Tribunal yesterday granted habeas corpus to former Vice Adm Candido Arago and dismissed a 3-year prison sentence on charges of embezzlement on the ground that the right to self-defense granted by article 153 of the Brazilian Constitution had not been properly insured for the defender. [Rio de Janeiro O GLOBO in Portuguese 8 Dec 79 p 4 PY]

CSO: 3001

CHILE

U.S. MEASURES TO PUNISH CHILE WILL HAVE 'MINIMAL EFFECT'

Santiago EL MERCURIO in Spanish 1 Dec 79 pp A1, A16

[Text] The reduction or elimination of official U.S. Government credits "will have a minimal impact on the Chilean economy because Export-Import Bank credits are insignificant," the president of the Corporation of Financial Institutions, Rolf Luders, said yesterday.

Questioned in Vina del Mar by EL MERCURIO where he is attending an international seminar on the development of capital markets, Luders said that "the real danger would come if private banks were prohibited from making loans to Chile but this would require a special law that few congressmen are willing to accept because this would limit the rights and guarantees of U.S. citizens."

As for the possibility that the United States would veto aide for Chilean projects in international financial agencies such as the IADB, the World Bank and others, Luder explained that "that would also have little impact because Chile is now at a level of greater development, relatively speaking, and that is why credits are not as important."

The World Bank

For his part, Richard Frank, director of the World Bank's Capital Markets Division, said that the "Bank's policy is to analyze the economic situation of the requestor and the profit margin potential of the project in question. The decision to approve the loan is made solely on the basis of this data."

Frank, a U.S. national, is attending the seminar on capital markets in Vina del Mar.

Although he refused to comment on the U.S. position, he explained that "according to Bank operations, each project is discussed by the Council, which is composed of all member nations, and resolutions are adopted by consensus or majority vote."

"A member nation, even the United States, cannot veto a project and block its approval if a majority of nations does not support its decision," Frank said.

The Central Bank

Central Bank President Alvaro Bardon refused to comment on the possible impact on the nation's economy that the U.S. State Department's announced intention of applying economic and military sanctions because of the Chilean court's refusal to extradite three army officers will have. Bardon said that he did not have sufficient information to make a final judgment. He said that he only had wire service stories on the subject and still had not seen the official version.

Trade

During the January-September 1979 period, Chilean exports to the United States totaled \$309 million, an increase of 20 percent over the same period in 1978.

At the same time, imports from the United States account for 23.8 percent of total imports, thus making the United States the primary source of imported goods for Chile. Looking at import and export figures during the January-September period, trade between the two nations totaled \$1 billion.

A U.S. Citizen

Some delegates attending the seminar entitled "Financial Institutions in the Chilean Capital Market" commented on the U.S. Government's decision to apply sanctions against Chile in connection with the death of former Foreign Minister Orlando Letelier.

Robert Malloch, senior vice president for industry relations of the New Jersey based Beneficial Management Corporation, said: "My remarks are made as a private citizen and not as a spokesman for the government. First, I should say that it is a surprise that the government has decided to take these measures which are quite severe. I believe that the severity of these measures stems primarily from the crisis with Iran. Without that situation, I do not believe that those measures would have been adopted. I believe that it is unnecessary to react in this way to a country that I would consider to be a friend."

8599

CS01 3010

CHILE

UNEMPLOYMENT INCREASES, COLUMNIST EXAMINES CAUSES

Rise to 13 Percent

Santiago LA TERCERA DE LA HORA in Spanish 7 Nov 79 p 12

[Text] Unemployment rose again in the Greater Santiago Area according to figures released yesterday by the INE [National Institute of Statistics]. Unemployment during the third quarter, July-September, reached 13 percent compared to 12.6 percent recorded during the second quarter of this year.

The survey of 3,000 Santiago homes also showed an increase in the percentage of workers that were laid off--from 9.9 percent to 10.5 percent--while the percentage of those looking for jobs for the first time dropped from 2.7 percent to 2.2 percent.

Based on projections of the annual rate of population growth for the Greater Santiago Area, the INE survey reports that the total number of unemployed in the area rose from 157,400 during the second quarter to 165,000 during the third quarter. Of this figure, 134,000 are workers who were laid off and 31,000 are individuals looking for jobs for the first time.

The survey showed, however, that while the work force in the Greater Santiago Area has grown over the past 3 years by 8.3 percent, the total number of people who are employed has increased 9.4 percent.

According to the INE report, the working age population during the past 3 years grew 8.3 percent while the work force grew at a rate of 9.4 percent and the total number of working people rose to 15.8 percent. Also during this period unemployment dropped to 19.4 percent primarily as a result of the decrease in the number of those looking for jobs for the first time.

Decrease in White Collar Workers, Increase in Blue Collar Workers

The percentage of white collar workers of the total working population in the Greater Santiago Area dropped from 35.7 percent during the July-

September quarter in 1978 to 34.6 percent during the same period this year. At the same time, the number of self-employed individuals rose from 19.5 percent to 21 percent and blue collar workers from 36.4 percent to 36.7 percent.

Broken down by occupation, employment dropped significantly among office workers (from 18.1 percent during the third quarter last year to 17.2 percent during the same period this year), farmers and fishermen (from 1.7 percent to 1.3 percent) and craftsmen (from 21.7 percent to 20.6 percent).

At the same time, employment among street vendors rose from 13.3 percent to 14.1 percent and from 5.7 percent to 8.1 percent among blue collar workers and day laborers. The 20,000 job increase among the latter group parallels the decrease among white collar workers.

The survey also shows a significant increase in the number of people employed as domestic workers engaged in indoor and outdoor work. During the first quarter of this year (January-March), there were 54,800 people employed in this sector in the Greater Santiago Area. This figure grew by 10,000 during the July-September quarter.

Origin, Future Analyzed

Santiago LA TERCERA DE LA HORA in Spanish 21 Nov 79 p 3

/Article by Rolf Luders, PhD in Economics: "Origin and Future of Unemployment"/

/Text/ The main economic problem facing the nation today is unemployment. Many cannot understand why after 3 or 4 years of rapid economic growth we still have, at the national level, an unemployment rate of over 10 percent. I would like to show the close relationship between unemployment and the policy of automatically adjusting wages and salaries. In addition I will attempt to show that while the elimination of this readjustment policy will reduce unemployment, it would also initially create a wage level problem for unskilled workers which would be very difficult to correct in practice. Therefore, perhaps it would be more appropriate to keep the present readjustment policy but compliment it with an effective minimum employment program.

The real origin of the current unemployment problem is decades of mistaken economic policies. In Chile an effort was made, unquestionably with the best intentions in the world, to raise the workers income level through, among others, policies of import substitution, investment incentives, redistribution by setting minimum wages and tenure. The effect of these policies was completely counterproductive. This protectionism only led to the installation of capital intensive industries. Investment subsidies, the setting of "high" minimum wages and the establishment of tenure

led businessmen to select capital intensive techniques. In other words, the nation decided to invest their limited capital in activities requiring a minimum number of workers. This "forced" the government to create jobs, an inflationary step, and encouraged the development of a series of low-productivity services to absorb the workers who could not find jobs in agriculture, industry, mining and "normal" service activities. This enabled the government to keep unemployment at a steady reate of 6 to 9 percent.

However, these erroneous policies, implemented to their fullest extent during the Popular Unity administration, led the country to the well-known social and political crisis of 1973. The desire to correct past errors and the 1974 oil crisis compelled the government to take a series of important fiscal and monetary measures in 1975 and 1976. These measures resulted in a sharp reduction in government jobs and, as a result of curtailed public works and credit restrictions, to an increase in unemployment in the private sector.

The result was a "jump" in the unemployment rate which in Santiago reached nearly 20 percent of the work force.

Nearly 4 years have passed since that took place and unemployment--even though it has been reduced--continues to be extremely high. It is true that the high rate of growth of employment mathematically explains why the growing demand for jobs (as a result of the rapid economic growth we have experienced) has not resulted in a reduction of unemployment to normal levels. However, we hear it said quite often that if the markets functioned properly, 4 years should be enough time for the labor market to reach equilibrium without any problems.

Nevertheless, those who maintain this position forget that the labor market in Chile does not operate freely. Its prices--in other words wages and salaries--have been subject to the restrictions of an automatic readjustment system. This system, because of the rapid reduction in the rate of inflation, produced equally rapid wage increases so much so that the resulting minimum wages and salaries have been higher than necessary to eliminate the problem of unemployment.

There are those who maintain that the problem is just the opposite. According to them it is necessary to pass a law raising pay even more thereby increasing overall expenditures and promoting an increase in the product and as a result in the demand for jobs and employment. However, these critics forget that the price of overall demand is determined only by monetary policy and that very little if anything can be done to affect it over the medium or long term in an open economy. For this reason, setting higher pay levels only results in short term diminishing return on capital and this in turn, over the medium and long term, only serves to reduce the country's rate of growth and as a result employment levels. It is a typical case in economics where the most obvious measures tend to be counterproductive. In my opinion, the government at this point has done

everything it can to accelerate the nation's rate of growth, including the entire package of measures designed to raise investment levels this year and in the years ahead. Perhaps the best demonstration that little or nothing can be achieved by increasing overall demand lies in the rate of inflation which is still very high.

Many might find it strange that we say that our minimum wages and salaries are "too high" to bring unemployment down to its normal level. Just a few days ago weren't we saying that the purchasing power of these wages and salaries were even lower than in 1970? Isn't it true that even with the present minimum wages and salaries, thousands of families still have serious economic problems? That is the dilemma we face today. On the one hand, minimum wages are technically too high to produce full employment and they remain high because of the law. On the other, the minimum income is extremely low so that it is exceedingly difficult to allow this level to drop even further to solve the unemployment problem.

The solution appears to lie in the ability of the current PEM /Minimum Employment Program/ to give the unemployed a minimum subsistence income. The measures to expand the program that were announced are important. We feel that it is only right to consider the benefits of the family assistance program for this group just as we feel it is necessary to restudy the level of wages (without arriving at the legal minimum) as well as the demand for jobs (to bring it closer to normal levels).

In short, the present unemployment problem stems from mistaken economic policies that have been applied for decades. The desire to correct them together with the 1974 crisis drastically raised the unemployment rate during the 1975-1976 period. The wage readjustment policy which is pegged to the cost of living has pushed wages up very rapidly because of the drop in the rate of inflation. Minimum wages have risen so much, despite the demand for jobs, that they have kept the labor market from reaching equilibrium and solving the unemployment problem.

However--and despite the fact that they technically are too high--these minimum wages have not reached an absolute level so that it is desirable to lower them to solve the unemployment problem. That is why we feel that the unemployment problem must be attacked--just as it is being done--through an improved PEM.

8599

CS0: 3010

'COLOMBIANIZATION' OF BANKING SYSTEM DEFENDED

Bogota EL SIGLO in Spanish 18 Nov 79 p 8

[Article: "The President of ANIF Defends the Colombianization of the Banking System"]

[Text] The president of ANIF [National Association of Financial Institutions], Jaime Cordoba Zuloaga, yesterday [17 November] came out in defense of the Colombianization of the banking system and criticized the idea advanced by the head of the National Planning Department about the law's unconstitutionality.

Cordoba Zuloaga said that colombianization is a way of seeking the fruitful cooperation of domestic capital with foreign capital and to secure autonomy in the field of foreign exchange, monetary, and financial matters that would protect the incipient domestic banking industry which can obviously not compete with foreign banking systems that are strongly supported by their head offices.

The president of ANIF added that when the head of the National Planning Department figured that Law 55 of 1975 which prohibits in its first paragraph any new direct foreign investment in the financial sector was unconstitutional and recommended that it not be applied because it violates Article 215 of the Constitution he was expressing an unfortunate opinion.

The president of ANIF considered that "the head of Planning cannot fail not to obey Law 55 because he is not authorized to do otherwise and because the violation of the Constitution is not manifest. For that reason one has to wait for the decision of the Colombian Supreme Court which will be forthcoming soon to adjudicate the petition of Senator Ernest McAllister."

Jaime Cordoba Zuloaga added that if hasty action were taken opening the doors to foreign investment so that it may reinstate control over a sector vital for the country's development, besides the serious prejudice that would be caused to Colombian sovereignty such a measure would be tantamount to responsibility for violating the law.

Later referring to the transformation of the financial sector into a mixed one, contemplated in the same Colombianization law, the president of ANIF said:

"The plan that the Colombianized banks should be transformed into mixed enterprises which would gradually increase the share of Colombian capital compared to foreign capital, a phenomenon known as the phasing out of investment, was in existence throughout the period when the constitutionality of Law 55 of 1975 was brought up and challenged. The lawmakers, considering it so traumatic to demand conversion into national enterprises with a minimum of 80 percent Colombian capital, came up with the formula of 'phasing out.' It implies, starting with the status of mixed banks, that the foreign banks steadily lose their nature as such until they are controlled completely by Colombian investors. In the Congressional Record, for example, there is evidence of the firmness of a group of lawmakers who insisted that the formula of national banks and not of mixed banks be adopted. The agreement that was finally reached was that on the basis of the status of mixed banks, slowly but gradually, the latter would be divested of their foreign participation until the definitive change was secured under the terms mentioned in decision 24 itself. It may have been redundant to have consecrated on one hand the phasing out prohibition of any new investment and simultaneously to have ordered the transformation of the recently established mixed banks into Colombian banks considering that this transformation, through the force of law, used to and will tend to occur. For that reason the-then minister of finance, Dr Rodrigo Botero Montoya, said in his presentation of reasons for the bill that "the national government considers it necessary to halt the growth of foreign investment in the Colombian financial systems," that is, the percentage ratios in the makeup of the capital of said banks.

For that reason the rapporteur in the Chamber of Representatives, Dr Jorge Valencia Jaramilla, initiated his defense of the bill arguing that it basically consisted of "the obligation of transformation of foreign banks into mixed enterprises with the prohibition against accepting new direct foreign investment in them...."

For that same reason the [then] president of Colombia, Lopez Michelsen, claimed as one of the fundamental achievements of his economic administration "the policy of Colombianization which is not only a development extending in time the phasing out process but parallels in its letter and spirit the provisions in the Cartagena Agreement."

2662

CSO: 3010

COLOMBIA

ATLANTIC COAST ELECTRIFICATION EXPANSION PLANNED

Bogota EL TIEMPO in Spanish 26 Nov 79 p 10-B

[Article by Infante Moreno: "2.8 Billion Pesos for Electrification on the Atlantic Coast"]

[Text] Valledupar.--CORELCA [Electric Corporation of the Atlantic Coast] will expand its energy infrastructure in an operational radius that will benefit 80,000 new homes in the countryside once the rural electrification programs included in a master plan and calling for investments of 2.8 billion Colombian pesos are implemented.

Jacobo Acosta Bendeck, the corporation's executive director, analyzed here [in Valledupar] together with experts Manfred Linder and Collin Warren, officials of the World Bank, the assistant director of Subsidiary Electric Power Plants Corporation, Felix Boyna Meza, the manager of ELECTROCESAR [Electric Power Plant of Cesar Department], Miguel Salgado Hadatt, members of the board of directors of the Chamber of Commerce, and the section head, Jose Guillermo Castro, the scope of this ambitious project considered as the reactivation of industrial development and of the agricultural sectors of northern Colombia.

CORELCA will expand its energy coverage with an increase of kilowatts of good prospects for the rural communities which are part of the following departments of the Atlantic Coast--Bolívar, Córdoba, Cesar, Guajira, Magdalena, Sucre, and Isla San Andres.

The officials of that decentralized organ evidenced optimism when they noted that by April 1980 the design of the initial subsidiary programs drawn up by a Colombian consulting firm contracted for this type of project will be ready.

Acosta Bendeck and the consultants of said international agency studied in the field the various important aspects of the project.

The northern and central region of Cesar Department as well as the south of Guajira Department received the visits of the World Bank experts who, for the second time, evaluated the rural electrification plan.

Earlier, another task force had completed the initial analysis of the rural electrification master plan within the framework of the process that it has established for granting credits.

The preparatory study in this second stage got under way in Cesar Department because the latter comparatively speaking has the least electric infrastructure on the Atlantic Coast so that it had ample support from the authorities and heads of all entities determined to see the crystallization of this project at a time when the rural sector is experiencing one of its most difficult moments because of the extension of the crisis in the agricultural as well as the livestock-raising sector.

Acosta Bendeck noted that the purpose of this plan is to integrate in CORELCA's already-operating electric grid a series of towns lacking electric power supply by means of subtransmission lines benefitting 300 towns and 80,000 homes.

He confirmed that the rural electrification master plan of the Atlantic Coast will get under way next year and the first stage of the program will take 5 years, beginning with an initial loan equivalent to 50 percent of the total investment.

The committee surveyed the operation of the Electric Power Plant of Cesar Department which receives energy under the hookup plan of Sabanalarga, Fundacion, and Valledupar whose substation has an initial capacity of 45,000 kilowatt-amperes of which 15,000 are now being used.

The technical surveys provide ample prospects for effecting the construction of new lines in the area of north and central Cesar and southern Guajira. This would help electrify extensive agricultural and livestock-raising areas and would represent an increase in industrial development for this provincial capital.

2662

CSO: 3010

COLOMBIA

ALCOHOL TO REPLACE 20 PERCENT OF GASOLINE NOW USED

Bogota EL TIEMPO in Spanish 21 Nov 79 p 10-A

[Article: "Colombia Will Substitute 20 Percent of Its Gasoline Consumption with Alcohol"]

[Text] Yesterday [20 November 1979] the government initiated its National Alcohol Plan which strives, within 3 to 4 years, to substitute 20 percent of the country's gasoline consumption, equivalent to about 250 million gallons a year, with alcohol.

An ambitious program in this connection was outlined yesterday during the first meeting of the National Alcohol Committee made up of the Ministers of Mines, Economic Development, and Agriculture as well as the head of the National Planning Department, the president of ECOPETROL [Colombian Petroleum Enterprise], and representatives of the private sector.

During yesterday's meeting a committee was established which, prior to 15 December 1979, will release a report regarding the size of the investment required to develop the sugar cane and yucca plantations from which the automobile fuel will be obtained.

Representatives of the Ministries of Agriculture, Economic Development and Planning, as well as of SAC [Farmers Association of Colombia], ASOCANA [Colombian Sugar Growers Association], the National Planning Department, and ECOPETROL, the organ which will act as coordinator, make up this committee.

The minister of mines, Alberto Vasquez Restrepo, said that the plan is slated to substitute gasoline consumption by 20 percent initially, which represents a saving of 250 million gallons of that fuel a year.

On the other hand Vasquez Restrepo said that with the entry into operation of the remaining plant of ECOPETROL located in Barrancabermeja, whose opening is planned for 16 December 1979, Colombia will reduce its gasoline imports from 26,000 to 6,000 barrels a day when the country's capacity to process crude oil is increased.

The plant, which called for investment exceeding 14 billion Colombian pesos, will save the country annual gasoline imports of about 9 billion pesos.

The Alcohol Plan, the first of this nature undertaken in Colombia, is slated to intensify the sowing of sugar cane and yucca from whose residues the distillate will be extracted, the minister said.

He asserted that according to the initial computations it will be necessary to sow around 330,000 hectares of sugar cane and a considerable area of yucca but he added that a considerable portion of these totals is already planted in various regions of the country.

Vasquez Restrepo, who is the president of the National Alcohol Committee, noted that it is not true that the use of that product as fuel implies the restructuring or modification of automotive engines.

"No adjustment whatever of this kind has to be made," he said and explained that alcohol will not be used in pure form but will be mixed with gasoline and that this will not only reduce costs but also will increase the gasoline octane and allow better operation of the engine in question.

However, this program will have incalculable economic and social advantages for Colombia because it will reduce the costs of the energy resources which the country must use for its development. It will also generate thousands of direct and indirect jobs, will make possible the execution of other parallel agroindustrial production plans, and in general will yield many benefits for national life, Vasquez Restrepo explained.

Another of the plan's positive characteristics will be that the general infrastructure for the production of alcohol can be established using domestic resources, to the extent of 95 percent, including the assembly of the product's distilling plants.

The official noted that the plan envisions the use of alcohol to the extent of 20 percent in the initial stage, but gradually this percentage will be increased until it reaches a larger degree of substitution.

For the time being alcohol is slightly more expensive than gasoline but in the near future this will be reversed, that is, alcohol will be cheaper because with the establishment of the infrastructure necessary for greater alcohol production costs will go down whereas gasoline prices are rising every day.

2662

CSO: 3010

COLOMBIA

NEW OIL STRIKE, OTHER ENERGY SOURCES DISCUSSED

Bogota EL ESPECTADOR in Spanish 24 Nov 79 pp 1-A, 7-A

[Article: "Major Oil Strike in the Plains"]

[Text] There was a major oil strike in the Eastern Plains--the largest in the past few years--the minister of mines and energy, Alberto Vasquez Restrepo, announced.

He indicated that the crude oil strike occurred in an exploration area known as "Cano Garzo II" and that it will make possible output ranging between 10 and 14 million barrels of crude oil [? a year].

The minister observed that oil from this region will be mixed with that from the "Trinidad" deposit, which will produce a yield of 15 million barrels.

Vasquez Restrepo noted that to exploit the new oil discovery an oil pipeline will be built in the area, which will immediately secure for Colombia additional refining capacity above 40 billion barrels [sic -? 40,000] a day.

The minister said that for the time being there do not seem to be new possibilities for striking oil but he evidenced confidence in this respect.

Mesitas Hydroelectric Plant

The official also gave a report on the construction of the Mesitas hydroelectric plant for which purpose another U.S. \$55 million will be allocated with which it is hoped that the project in the town close to Bogota will be completed.

In this way, according to his report, the hydroelectric potential of Colombia's capital will be raised to 689,000 kilowatts and in 3 more years this production will exceed 1.5 [million] kilowatts.

Besides the loan mentioned the government announced another one of U.S. \$60 million for the construction of the 13 elevated crosswalks in Bogota,

the loan guaranteeing construction of same to relieve city traffic and secure greater benefits from the use of fuels.

Gasoline from Alcohol

The Minister of Mines and Energy also reported about the production of gasoline with an alcohol base in the country through which it is planned to reduce substantially the dominant use of oil in transportation.

As for costs, Alberto Vasquez Restrepo stressed that these will be sufficiently high, so much so that according to his estimates a plant with a potential of 5,000 barrels a day would call for investment exceeding U.S. \$100 million.

2662

CSO: 3010

COLOMBIA

INGEOMINAS: 40,000 TONS OF URANIUM ESTIMATED

Bogota EL TIEMPO in Spanish 5 Nov 79 p 1-F

[Article: "Estimates of 40,000 Tons of Uranium in Colombia"]

[Text] Estimates of uranium in Colombia increased to 40,000 tons, Michel Hermelin, the director of INGEOMINAS [Geological and Mining Research Institute], reported.

The major deposits apparently are to be found in the departments of Santander, North Santander, Cundinamarca, Meta, Boyaca, Caldas, Tolima, Huila, and Antioquia as well as in the commissaries of Guainia and Vaupes.

The uranium, as is the case with thorium, decomposes spontaneously at a constant rate that is not affected by temperature, pressure, or the nature of the surrounding environment, a decomposition which is accompanied by three types of radiation: Alfa, beta, and gamma which is a kind of X-ray, and this radioactivity can easily be detected.

Until 1942 uranium was used especially to color glass and ceramics, but beginning in that year, when controlled nuclear fission was demonstrated, uranium acquired major importance because of its use in the field of explosives and as a source of heat to produce steam and generate electricity.

One pound of uranide (U3O8) produces heat equivalent to 8 tons of coal.

Uranium in Colombia

Michel Hermelin, on the basis of documents of the IAN [Nuclear Affairs Institute], disclosed that Colombia has three major prospects called Quetame, Zapatoca, and California. An estimate of Colombia's reserves which are being explored by the IAN in association with foreign companies indicates that Colombia will be able to figure on supplies of 40,000 tons of uranium, mainly U3O8, a figure that could be subject to change in 4 or 5 years when the results of the work now being pursued by the IAN jointly with ENUSA [National Uranium Enterprise, Inc.] of Spain and MINATOME of France become known.

COSTA RICA

BRIEFS

COFFEE REVENUE--Coffee office director Alvaro Jimenez has said that as of 30 November, 35,551 metric tons of the 1979-80 coffee harvest had been sold. This means that their value when delivered to the railroad is \$135,735,727 for an average price of \$3,706 per metric ton. [PA051451 San Jose Radio Reloj in Spanish 1730 GMT 5 Dec 79 PA]

LABOR UNIONS STATISTICS--Although there are 690,000 workers in the country, only 143,745 of them belong to the 280 existing unions. The Labor Ministry's social organizations department statistics show that 179 unions are independent and 101 are affiliated with central labor organizations or confederations. Thirty-five unions are affiliated with the Costa Rican Confederation of Democratic Workers, 34 with the General Confederation of Workers, 29 with the Central Organization of Costa Rican Workers and 3 with the Genuine Confederation of Democratic Workers. [PA051451 San Jose Radio Reloj in Spanish 1200 GMT 5 Dec 79 PA]

CSO: 3010

ECONOMIC SITUATION REFLECTED IN CRIME REPORTS, FIRINGS

Anti-Crime Drive Discussed

Pinar del Rio GUERRILLERO in Spanish 16 Oct 79 p 1

[Article by Irene Izquierdo]

[Text] Pinar del Rio held its third municipal anti-crime drive recently, and in that connection there was a meeting at the Primero de Mayo industrial technology institute in this city.

At the meeting it was announced that the People's Government Construction and Maintenance Enterprise has worked for the first 9 months of this year on repairing 156 Trade and Restaurant units which were most vulnerable to crime.

The Committees for the Defense of the Revolution (CDR) have undertaken a program in the last few months to strictly control the revolutionary guard.

During the period in question, there has been increased coordination among the Attorney General's Office, the National Revolutionary Police (PNR), the court system and the mass organizations. Every effort has been made to reduce the amount of time spent processing cases and the factors which lead to continuances and dismissals of cases.

However, there has been an increase in the number of crimes committed between July and September, with a total of 854, 6.7 percent more than the same period of last year.

The areas of Villamil, the Bus Terminal, Alameda, Llanazares, La Flora, Carlos Manuel, Mijares, Cuba Libre and Las Ovas have been most affected by the surge in crime.

It was also noted that there were 26 fewer traffic accidents than during the same period last year. In those accidents, five people were killed and 112 were injured. Damages totaled 3,227 pesos.

Negligent Manager Fired

Pinar del Rio GUERRILLERO in Spanish 15 Nov 79 p 1

[Text] The board of directors of the Cafeteria Enterprise of the city of Pinar del Rio announced that Armando Rodriguez Hernandez was relieved of his duties as manager of the Las Americas ice cream parlor, in the town of La Coloma, due to negligence and mismanagement.

Because of negligence, 400 croquettes were lost because they were not refrigerated. Recently the parlor had 2,700 pesos stolen from it; that amount of money was there because the manager had not deposited the cash from sales in the bank for 5 days.

According to administrative reports, an inventory showed 1,252 croquettes, 615 doughnuts, 60 hamburger sandwiches and 33 empanadas that actually did not exist. The non-existent products reflected in the unit's inventory amounted to 442 pesos.

The case has been submitted to the appropriate courts.

Butchers Swindled Customers

Havana TRABAJADORES in Spanish 22 Nov 79 p 3

[Text] AIN--The press recently reported on the inspections of 38 butcheries in Plaza, Guanabacoa, San Miguel del Padron, 10 de Octubre and East Havana municipalities.

The inspections revealed that in 21 of the butcheries visited there were irregularities, most of them criminal. The appropriate authorities were informed.

As a result, the guilty parties are already being prosecuted. In the People's Municipal Court of San Miguel del Padron, four butchers were prosecuted for cheating customers under the new Penal Code.

The accused were Julian Diaz Lorzabal, Wilfredo Nunez Vera, Gilberto Padron Oviedo and Reinaldo V. Amaro Arias. They had been swindling their customers in a similar manner for quite some time.

Julian Diaz Lorzabal sent some customers grade B meat instead of the grade A they had ordered, charging them the price set for grade A. Wilfredo Nunez Vera, on the other hand, was sending less meat than required for the consumer groups who were purchasing meat at the butchery where he worked.

The court sentenced the accused to 6 months confinement and a fine.

These cases represent a response to those who, like the defendants in these situations, commit crimes against the population.

The joint effort on the part of the Ministry of Domestic Trade, the People's Government, the courts and the Attorney General's Office will continue ensuring that those entrusted with services to the people obey the law or, if not, that they receive the corresponding punishment.

Black Market in Produce

Pinar del Rio GUERRILLERO in Spanish 15 Nov 79 p 1

[Article by Arturo Bulies]

[Text] The illegal trafficking of agricultural products represents an attack on the nation's economy, not only because it eats away at our export potential, but also because it deprives the people of food supplies.

At a meeting of the Party in this province, chaired by Fidel Ramos, member of the Provincial Politburo; Timoteo Benitez, chief of the Agricultural Department; and Lucio Bencomo, of the Executive Council of the People's Government, the current situation was analyzed in terms of coffee, citrus fruits, last season's mangos and other products. It was agreed that the necessary measures must be taken to put a stop to this activity.

A spokesman for the National Revolutionary Police reported that a total of 5,568 pounds of coffee has been seized after having been stolen and sold illegally by people of low social conscience. These people have stolen goods belonging to the people in order to undertake illegal commerce.

With regard to citrus fruits, it is estimated that the students who work in the harvest consume approximately 13 tons a day, which means 2,600 tons throughout the harvest, valued at about 10,000 pesos a day.

The leaders of the citrus industry reported that even the students' families, on visiting days, steal fruit from the plantations. Either they eat the fruit right there, or they take it to the city. The result is considerable damage, since they sometimes pick green fruit and harm the plants.

The Party decided to hold assemblies and meetings with the students in order to discuss this situation. By convincing the youths of the error of their ways, it was hoped that they would stop stealing and consuming these products, which is a threat to the national economy.

The National Revolutionary Police (PNR) indicated that it has stepped up surveillance on the main routes to the agricultural production regions; and that the appropriate laws will be enforced against those who illegally sell or steal fruits and products, both from the state sector and from the rural sector.

The illegal trafficking and theft of agricultural products are prohibited and sanctioned by our socialist laws, which have been approved by all of the people and have been well publicized, so that they are common knowledge.

The students will surely respond with an attitude consistent with their revolutionary consciousness, given that they are the products of a society that is on the road towards socialism, and they themselves are the seeds of our future lifestyle.

As for the others, who steal fruit and damage plants that have cost the sweat and labor of the people, and those who promote illegal sales and speculation, if they are caught engaged in such activities they will be held to answer in court.

Businesses will also take internal measures to protect the goods of the people, imposing the sanctions of the labor law on those who, at any level, prove to be incapable of protecting these goods, engaging in vices such as cronyism, favoritism or negligence.

8926

CSO: 3010

'VERDE OLIVO' FEATURES CRIMINAL INVESTIGATION REPORT

Havana VERDE OLIVO in Spanish Nov 79

[Articles by P.E. Cabrera: "Robbery and Sale"]

[11 Nov 79, pp 26-29]

[Text] Members of a certain sector of the National Revolutionary Police discovered that in a neighborhood of Marianao several people were involved in the illegal sale of fabric and clothing.

They had all the signs of being engaged in a prosperous and well-organized "business." Some of the salesmen behaved with assurance, letting it be known that they had a large quantity of those items and that they would be able to satisfy any demand of the "client."

There was something fishy about all this; the fabric and clothing were of top quality.

Assumptions

The easiest thing would have been to arrest those salespeople and question them. But this method did not guarantee that the problem would be solved. There was the possibility that some of the suspects, perhaps the most important ones, could get away.

First it was necessary to determine where the articles came from, and at the same time learn the names of most of the members of the band. Meanwhile, they would have to be allowed to operate in order to build up convincing evidence against them so they could be arrested.

The chief of the sector, working together with the Committees for the Defense of the Revolution (CDR), kept a close watch on Nelida Perez Perez and Heriberto Guerrero, who distinguished themselves as enthusiastic salespeople.

Once the chief learned about these facts, he contacted the corresponding Provincial Unit, which assigned Lt Alejandro Garcia to the investigation.

The first thing the officer ordered was that a sample of the cloth and other items being sold by the suspects be obtained.

Various questions came to mind, one of them based on the theory that the fabric was the object of speculative trade through resale. It could have come from people who bought it through normal channels and delivered it to those men as middlemen, with an interest in the return on the sales.

But that theory was thrown out right away. The uniform patterns and unusual type of cloth, and the high quality of the clothing indicated that they came from another source.

Perhaps there was a huge smuggling operation, or a warehouse had been plundered.

Another element gave rise to more assumptions. The criminals had carefully removed the labels from pants, guayaberas, shirts and women's clothes that they were selling. For this reason, and because of the nature of the styling, the logical conclusion was that they were made in Cuba. But where did they come from?

Lieutenant Alejandro took samples of the items and began a careful investigation of different textile firms. In each one he compared the fabrics. He was then assured that these materials could only have come from Almacenes Odora, located on one of the main commercial streets in Havana. The investigation of the other clothing required a different and perhaps longer procedure.

Everything in Order

Those facts provided a clue. A discreet and detailed investigation of Almacenes Odora was begun immediately.

There was one initial discovery that was disconcerting: no one had noticed any missing merchandise. Everything was in order, both at the counters in the sales outlets as well as on the shelves of the workshops and the warehouse. At least that was what the manager and the chief of the warehouse claimed.

In the former the pants, shirts, pantsuits, safaris, etc. were found to correspond perfectly with the invoices and sales slips. In the latter, the bolts of cloth. . .

There was a possibility, then, that someone in that establishment was implicated in the crime. That someone must have some position of authority there in order to make it look as if there were no merchandise missing.

If that assumption were true, the number of suspects was reduced to the managerial staff of Almacenes Odora; it was apparent that the items being sold illegally in Marianao had come from there. Otherwise, the clues fol-

lowed to that point were completely false, and the investigation would have to start from scratch at another point. . .

A couple of hours after talking to the manager, the lieutenant returned to the warehouse. It was enormous, filling almost all of the right wing of the second floor. Its shelves were nearly full. There were the bolts of fabric that matched the samples he had.

The manager explained that they had been purchased abroad for the purpose of making suits for a sports delegation which was to leave in a few months.

"There is no doubt," he thought, "this is the place. But do they really not know here that there is missing merchandise?"

He decided to leave until later the review of invoices and the inventory of those shelves.

The investigator then thought about other possibilities: first, that the theft had taken place when the goods were disembarked. If that were the case, the investigation should move right away to the warehouses at the docks.

Second, that the Almacenes Odora documents had been effectively falsified, which would mean a specialized, technical effort to find the evidence.

And third, that there was a continuous theft, and the fact that the missing merchandise had not been noticed because of negligence or incompetence and a lack of control on the part of those in charge of the business.

The latter possibility seemed the least logical. But he had to consider all of them and investigate in all possible directions.

Three Suspects

The sector chief wrote in his log the following facts:

--National Revolutionary Police (PNR) aide Carlos Garcia heard a conversation involving three individuals. One of them, "Rafa," was known to have deserted the Revolution and to have a low moral character. The other two were unknown.

--"Rafa" said that "tough guys like him always tried to have it easy and stay cool, and that the 'business' they had should be taken care of because it made a lot of money."

--Another said they should hurry up because of the "score" they were going to make that day, which was making them late. He reminded them that they still had to go to the home of a "Pipo el bizco" so he could tell them about the package of guayaberas.

--The third one asked for the address. They answered that it was by Guanabacoa. Then they said several things to him and insulted him because he had said that if they were caught they would be in big trouble.

--Then "Rafa" took out a pistol and waved it menacingly. He even said he would fill his own mother's belly with lead if she got in his way.

--The conversation took place in an automobile tire repair shop, and those who were talking did not realize that Carlos Garcia (the aide) was present, because he was lying on the seat of a truck cab.

--Later they talked about a "little job" in a store called "Olora" or "Colora" or something like that. But they went away and he couldn't hear them anymore.

--"Rafa" is about 28 years old; the other appears to be the same age; the third one is over 35. It seems that the latter owns the '57 Buick, license number BA-7417, which they parked there in order to pick up a tire. The car is well cared for, painted dark blue and has black vinyl seatcovers.

He immediately called Lieutenant Alejandro and told him of the information he had just received. He thought of having "Rafa" followed, but he decided against it. He hoped to talk personally with the investigator and hear what he thought of the data he had just given him.

Meanwhile, the situation of the "salesmen" in the barrio was the same. None had seen them engaging in "hustling" again. It was learned, however, that four more people purchased not only cloth from them, but also a VEF radio, a beater and a Japanese tape recorder.

Doors

No one in the warehouse had noticed that an agent was present. They had been told that he was a construction expert who was visiting the place in order to prepare for a remodeling project that was planned for the near future.

The two times that he entered the place he had come in through a narrow stairway that connected the business' main offices. He noted that the staircase had two doors, one at the top and the other below; both had strong locks.

He looked for the place where merchandise was brought in and out. It was at the other end; a medium-sized service elevator opened onto one wing of the dressmaking shop, which was contiguous with the warehouse on the same floor. Next to the elevator there was a wide stairway, closed off with iron bars, to be used only when the elevator was out of order.

In order to gain access to the warehouse, one went through a wooden door which was part of a fiberboard partition about 7 or 8 meters long. For

security there was a padlock on a chain which passed through two perforations, one in the door and the other in the frame.

Leaning up against that wall, almost next to the door, across from the elevator, there was a wooden shelf a meter and a half high and 3 meters long. It was open and contained papers, some empty cardboard boxes and several other things, apparently unusable.

There were small holes left by screws or hooks on the door and the frame; the same padlock or another one had been fastened there at some time.

In talking to the warehouse chief, the investigator asked about the people who had access to the floor, where they came in and the times they entered and left.

He also asked if the door had had the padlock fastened in another place. The man said yes, it had been higher up before, but the wood wouldn't hold it and the screws came loose; that he had moved it several times, and since it kept coming loose he put in the two perforations and passed the chain through.

The next day Alejandro returned with another man who had a leather case. It looked like he had a portable radio or a small camera. At that hour there were not many people around, and there was no one else with him. They pulled out the shelf that was next to the door, and put it back in its proper place. The other man noticed something on a piece of paper, and put it in his shirt pocket.

The building had three entrances, two of them allowing public access to the commercial areas from the street in front and the street behind. The third one opened on a side street, and was the employees' entrance.

The latter entrance had two doors; one was for employees and the other was for the service elevator and the stairway enclosed by the iron bars. Inside, the two doors were separated by a concrete partition; but a small door in the partition allowed communication between the two areas.

This small door had for a long time been used exclusively by cleaning personnel from the shop area, and those who took out garbage, especially after hours and on Sundays, since the door providing access from the street to the elevator was almost always locked. At those times the side door was used, and there was a permanent guard there. The guard opened the small door in order to be able to go up the service elevator.

No one else could enter or leave through that place without being seen, either during work hours or any other time. How, then, could merchandise be stolen from that place?

Manager

The investigator kept his appointment with the sector chief. He read the notes the latter had taken on the conversation overheard by the aide, and smiled.

The phone rang. It was the Almacenes Odora manager, who wanted to give him an urgent message, but in person. Since they were relatively close to the manager's home, they went there.

They found him in the street, parking his car. He invited them in.

He told them that as soon as Lieutenant Alejandro had left, he ordered an inventory of the warehouse.

"Excuse me if I made a mistake," he said, "but I couldn't help it. Look, here are the results." He gave the officer a paper.

"Quite a bit. And you didn't notice anything missing, eh? Don't you people keep track of the warehouse stock?"

"Yes, but inventories are not made often, you understand. The merchandise is deposited, it is checked, and then it is requested from the warehouse. . ."

"What do you think of all this?"

"Well, I . . ."

"Do you suspect anyone?"

"I can't tell you off hand. No one goes in there, only the warehouse chief and one or two employees when it is necessary, when a shipment arrives or a heavy load goes out to the workshops, or there is an inventory. . . I don't know, to name a suspect would be . . . You're putting me in a tight spot."

"What do you think of the warehouse chief?"

"Well, I've only known him for a year and a half, because I'm new, as they say. He is a long-time employee of the company. They all speak well of him. No, there are no complaints. I can only tell you that he is a little slow, sometimes clumsy for a 48-year-old man. . . He is very closed-mouthed. In the beginning I didn't have a good impression of him. He seemed to be hiding something, like someone who mistrusted the whole world. But he's like that, keeps to himself, sort of inhibited. . . That's his nature. I don't think he could . . ."

"OK, fine, let's drop it. Isn't there anyone else who had access. . .?"

"I can't answer you just like that. As I say, you're putting me in a tight spot. Someone else . . . from where?"

"Management."

The man stood up and blushed. He gave the officers a look of surprise. His eyebrows came together in a quick gesture of anger, but just for an instant. Slowly his face took on a calm look again. He scratched his head and said:

"I can't risk expressing an opinion. I think it would be unfair for me to start suspecting people. . . Yes, some, a few people have access to the warehouse. I don't think I should suspect people for this theft. . . Please understand."

"Relax. Look, I only want you to make an effort and try to answer my questions because everything, even those opinions you don't want to give, as you say, could be helpful. But I repeat, relax. Everything will be cleared up. We can only tell you, for your own peace of mind and that of the people who know about this case at your work, that within 72 hours we will have the criminals. At least, we will have located them."

"I always had faith in you . . . Just today I was telling my secretary. . ."

"By the way, exactly how many people know about this situation, in the whole company?"

"As of now, four or five. . ."

"Four? Five? Which is it?"

"OK, four: my secretary and I, the warehouse chief and my wife."

"Your wife?"

"Yes, because she is the chief of an important department. You're not going to think that I . . ."

"Of course not! No way! That was enough!"

As they were leaving, the sector chief said:

"Is it true, what you said about our having the people within 72 hours? How can you be so sure?"

"The last fact was confirmed by you. I only need to prove as soon as possible whether any of the people we are going to talk about in a while have or have had anything to do with these warehouses, or with some company of this type. Then we will proceed with the arrests."

[18 Nov 79, pp 26-29]

[Text] They were systematically plundering Almacenes Odora, one of the most important commercial centers of Havana. But they never thought the National Revolutionary Police (PNR) would discover their activities so soon.

It was not known why the people in charge of that business did not find out that they were the victims of a continuous theft.

Forty-eight hours after the investigation began, the officer conducting the investigation announced to the warehouse manager and the sector chief of the PNR that in less than 72 hours the culprits would be arrested or at least located.

Meanwhile, the band continued its operations unawares. The police took advantage of that time to learn more about the suspects and their accessories.

Location

The next day, operations began. Agents were assigned to find out what "Rafa" was up to and to identify and locate his friends.

Lieutenant Alejandro Garcia had told the sector chief that he was sure that subject had something to do with Almacenes Odora or with someone who worked there. When he went to the Provincial Unit of Police Instruction to meet the chief, he recorded his words:

"This is a case of a forceful, continuous theft. Even if we hadn't gotten the information from the aide, we would have found them. Of course the conversation in the tire repair shop confirmed my suspicions and precipitated events. But the small group of people we have located is not the only group involved. There have to be a lot of people. We must act fast and with caution if we want to get them all."

When he arrived, Alejandro was waiting for him, smiling.

"I told you so; here are the names and addresses of the suspects. Notice where these men work. Look at the first one, the one you know, 'Rafa.' His name is Rafael Perera Gomez, and he is a truckdriver for the company that gave us the information about the fabric. He is not well liked in his neighborhood because of his behavior. . . etc. etc. The next one, the driver, is Juan Leyva Garcia, known as 'Guancho.' There is another one who always hangs out with them, a neighbor of this 'Guancho.' He was a cleaning boy, no less, at the dressmaking shop of Almacenes Odora. They call him Pedrin Herrera; he's unemployed right now. What do you think?"

"And the others on the list?"

"This one is Nelida Perez Perez, the wife of one of them. Even though they are separated, they have a 'business' relationship."

"Yes, we know her, she's the salesgirl. She lives and operates in the barrio. They call her 'Nelly.'"

"The other one is the owner of the Buick. Miguel Kemir Lucas, alias 'El Moro.' He is an accomplice. They pay him for his services in the car. He has bought some things, but he does not serve as a salesman."

"And now what do we do? It's 0930 and. . ."

"What day of the week is today?"

"Sunday. Why?"

"No reason, just that that's why we have to wait here a while, until that phone rings."

The call came in half an hour. Lieutenant Alejandro gave some directions, turned to the sector chief and said:

"Everything is going fine, don't get impatient. There is no more doubt about it. We have analyzed this case minutely, the reports, everything. The result is that these subjects are the principal perpetrators of the crime. Therefore, I am going to request a search warrant and a warrant to arrest the three. I was only waiting for them to tell me that they have just left Odora."

"El Rafa"

That night, at 2020 hours, the specialized personnel left in their cars to undertake simultaneous searches of the residences of Cubans Rafael Perera Gomez, Juan Leyva Garcia and Pedro Herrera Moreno, and to proceed with their arrests.

The latter two were found at home. Neither could explain where the clothing came from or where they had gotten the fabric samples that were found. Later they refused to give statements.

Apparently Rafael Perera was not home, or he would not come to the door. A few minutes passed. A dark car stopped in the garden of the house. It was a Buick. Two men got out. One opened the garage, the other went back behind the wheel of the car, and backed it up to the recently opened door. Both began to take packages out of the trunk.

Powerful flashlights lit up their faces. "Rafa" stepped back a pace and threw the load he was carrying into the flashlight. He took a pistol from under his pants in back, but before he could pull the trigger a strong blow knocked the gun from his hand and a hard fist smashed his nose.

Someone kept him from falling, forcing him into submission. Meanwhile, a warm liquid ran out of his mouth and soaked his shirt. He began to curse, many of his insults referring to his very mother.

"Better calm down and come with us."

The other man said nothing; he just trembled.

"Where were you?" a policeman asked them.

"I . . . I wasn't with them. This, well yes, I just picked them up at the house under construction. Just like always. Yes, just like always. . ."

"Where is that house?"

"Th. . . There on the other side, where the avenue ends. They cut the cloth and make up the packages there. But I don't have anything to do with that, I just drive; I lend them, I rent them my car, you know?"

It was a dilapidated house, but repair was being done. A door with an enormous padlock led to two rooms. Inside, scattered around on the floor under a makeshift table made of a sheet of plywood and two sawhorses, there were small fragments of the material taken from Odora.

"Pipo el Bisco"

Later the suspects were questioned. New arrests were made, each time providing more evidence against them. At the salespeople's homes were large amounts of various goods, all from the same place.

A group of 11 persons was taken to court as accessories.

Another person emerged. As the investigations continued, police agents located "Pipo el bisco" in a textile workshop called Siglo Veinte. This subject, named Nicolas Duran Salgado, was an assistant in the warehouse of that workshop. A package containing ten guayaberas and another one containing four safaris were found in his home.

Other items were found in the homes of the accessories: tape recorders, lamp shades, children's pants, pullovers, women's shoes, foreign-made athletic shorts, etc. There were even pornographic books and photographs in the home of a salesgirl, Magda Luisa Bandera. She had things other than what was stolen from Odora, such as a Japanese remote control device and a record player.

Eighteen more people were found to be accessories, but on a lesser scale, for having purchased stolen clothing for personal use.

Official Story

Considering the activities they engaged in, their modus operandi and the statements made by the suspects, Lieutenant Alejandro Garcia determined that the motive for the crimes was a desire for profits on the part of the perpetrators, who took advantage of their jobs at the company and the workshops in order to commit the crimes.

Lieutenant Alejandro later told what he did during his investigations and how the criminals behaved.

"When we talked with the people at Odora," he said, "we noticed several things right away. First, there was no single theft, but a continuous process, even though they did not realize it. They assured us several times that everything was in order. Second, we realized the degree of responsibility those people had for the goods the state had entrusted them with. But my mission was not to qualify them, but to find the culprits.

"The door providing access to the warehouse was self-explanatory. It had been broken down more than five times, and the man in charge simply changed the eyebolts to a different place because 'they came loose by themselves; the wood wouldn't hold them,' until he decided to make two perforations and pass a chain through. But he didn't tell management anything because he thought it was normal.

"That chain did not stop the criminals. One afternoon I came back with Second Lieutenant Julio Gonzalez; between the two of us we pulled the shell away from the door. Behind it we found what we were looking for: the wall had also been broken open. One of the panels was loose. The nails had been taken out and replaced carefully. They came in through there. Second Lieutenant Gonzalez took pictures of all that.

"The access routes and the small number of people other than workers who went in and out of that place told us that the thieves had some sort of trick. It was impossible to get any load by the guard who was permanently stationed at the door.

"When we received information of a conversation overheard by a PNR aide, we already knew the name of one of the three main individuals. It was not 'Rafa,' or the owner of the car, but another man named Pedro Herrera Moreno.

"A comrade who was guarding that place noticed that this man was allowed to continue entering the building. He had been assigned to the enterprise and had been expelled for lack of discipline, idleness and other job-related misconduct. However, despite the prohibition, he continued to enter on the pretext of dumping garbage. He was accompanied by two others whom she (the guard) knew by sight because they were employees of the company for several years. One day Pedro told her they were dumping the garbage as volunteer work.

"As you can see, it would have been relatively easy to locate them at any rate. But there is another curious fact related to this same subject: in an investigation, we learned that he started working for Almacenes Odora because his friends Juan Leyva and Rafael Perera got him on. Since that time--about a year ago--they had been doing 'volunteer work' by continuously stealing from the warehouse.

"This 'innocent work' netted them so much that in a short time they were able to buy a '54 Chevrolet, which they later sold. Then 'El Moro,' Miguel Kemir Lucas, appeared with his blue Buick. They used the car mainly to take the packages to their respective homes and those of some of the salespeople.

"That is, they operated in the following way: They entered Odora on the pretext of dumping the garbage from the workshops. Once inside, they got into the warehouse. They wrapped up the stolen goods and took them out of the building along with the garbage, in the company truck. Later, in the house that was being repaired on the outskirts of Marianao, they cut up the cloth and distributed it and other items. Then they put it all in the car.

"In the beginning the band had few members. The group consisted of five members, three men and two women. Soon they contacted 'the guayaberas man,' as 'Pipo el bizco' (Francisco Duran Saigado) was known. He worked at the warehouse in the Siglo Veinte workshop. He was a very active partner who, in addition to supplying the clothing, sold other clothes which he exchanged with his buddies.

"Then the number of 'partners' or salespeople grew. Some of them had the audacity to claim they could get anything the customer wanted."

Epilog

At this time the main perpetrators of the crime are being held in prison temporarily.

Some blame others for having turned them in, causing their arrest and accusation. It almost always happens that way. They don't realize that being found, captured and finally punished is the final stage of all the activities of those who violate the norms of society.

8926
CSO: 3010

CRIMES OF PIRACY, MERCENARY SERVICE DEFINED

Pinar del Rio GUERRILLERO in Spanish 17 Oct 79 p 2

[Article by Eddy Carranza]

[Text] The inclusion of the crimes of piracy and mercenary service among the Crimes against State Security, in Articles 125 through 127 of the new Penal Code, constitutes a legitimate act by the people of Cuba against the murder and terrorism sponsored by the United States. At the same time, it is a way of combatting counterrevolutionary elements who undertake terrorist campaigns that harm our country. In some cases, these campaigns involve the repugnant employment of mercenaries who, for a fee, are capable of destroying 73 human beings in a matter of minutes, as we saw in the crime of Barbados.

The crime of piracy is committed by anyone who uses a vessel or aircraft, armed or not, to threaten or carry out violence or any other form of intimidation or hostility against another vessel or aircraft in order to take possession of it or of goods on board, to damage or destroy it, divert it from its route or prevent its progress or activities, as well as kidnap, injure or kill its crew or passengers; also guilty of piracy is anyone who in any way seizes or takes over a vessel; anyone who attacks objects located within Cuban territory; anyone who without government authorization travels on an armed vessel through our territory; anyone who places or causes to be placed on board a vessel in service, any device or substance capable of destroying said vessel or inflicting damage that could incapacitate it or endanger its safety; anyone who knowingly communicates false information regarding a vessel, placing it in danger; and anyone who turns over a Cuban vessel or aircraft to pirates.

The crime of mercenary service is committed by anyone who, in order to earn a wage or other type of material compensation, joins military forces made up completely or partially of individuals who are not citizens of the state in whose territory they propose to act; and anyone who collaborates with or carries out any other act intended directly or indirectly to achieve the above-mentioned end.

Our new Penal Law provides that perpetrators of these crimes shall be punished by 10 to 20 years in prison or death.

Mercenary service is part of a process whose goal is to perpetuate through armed force the colonial or neocolonial domination of a people or state.

The Third Conference of the American Association of Jurists condemned mercenary service as an international crime, and called all mercenaries criminals.

8926

CSO: 3010

IRREGULARITIES, DEFICIENCIES, VIOLATIONS REPORTED

Mistreatment of Consumers Charged

Havana TRABAJADORES in Spanish 17 Nov 79 p 3

[Article by Manuel Poll]

[Text] Deficient administrative controls, altered prices, mistreatment of the public, hidden merchandise and violation of technical standards are among the irregularities that are being found in the inspections that are taking place in commerce and restaurant units in Santiago de Cuba.

To date nearly 100 units have been inspected, and in almost all of them unsanitary conditions have been found, as well as other irregularities which prevent proper service to the public.

In unit 31-08, one of those visited, on the Cuabitas highway, investigators found rotten vegetables in the refrigerator, a bag of rice that did not show up on the inventory, a crate of garlic in bad condition, six pounds of coffee that had been concealed, as well as 354.40 pesos under some boxes, of which the block and the enterprise were unaware.

In the municipality of Songo-La Maya, it was discovered that regulated goods were being sold without the submission of consumption books; the pricing policy was altered, there was favoritism shown in sales outside groups, and coupons were not turned in.

According to the initial results, which indicate a lack of systematic supervision by the corresponding agencies, the People's Government commissions will undertake the inspections on a permanent basis in order to eradicate the problems which affect the working masses.

Day Care Center Deficiencies

Havana TRABAJADORES in Spanish 17 Nov 79 p 1

[Article by Graciela Arbolay]

[Text] At the First National Meeting of Working Women of the Commerce and Restaurant Union, held yesterday at the Lazaro Pena Union Cadre School in Havana, the most important questions on the agenda were the deficiencies

in day care centers resulting from a lack of water or electricity, and the lack of assistants, causing women to arrive late to work or to miss work.

Critical attention was also given to the problems arising from the failure to supply uniforms to the women in the restaurant sector, and the fact that this prevents women working in this important service from having a correct appearance.

At the meeting, in which nearly 250 delegates participated from all over the country, special emphasis was placed on the high absenteeism figures that result from the working woman's 21-day purchasing cycle. The need to solve this problem was discussed.

The lack of technical training of workers, and the problems these women have in overcoming that deficiency because of their work schedules, were also thoroughly discussed at the meeting. The meeting was chaired by Rosario Fernandez, of the Executive Secretariat of the National Central Organization of Cuban Trade Unions (CTC) and an alternate member of the Central Committee.

Worker Discipline Violations

Havana TRABAJADORES in Spanish 17 Nov 79 p 1

[Article by Edith Martin]

[Text] The results of the inspections carried out in 359 production and service centers, of 1,600 chosen in the 15 municipalities of Havana, showed violations in worker discipline.

This was reported at a meeting held by the provincial labor discipline commission at the People's Government headquarters of the province.

The meeting was chaired by Francisco Linares Calvo, a deputy and chairman of the Social Security and Labor Committee of the National Assembly of the People's Government. Antonio Argamacilla was vice-chairman and Vera Bueno was secretary.

The main criticism of the delegates from the municipalities was that hardly any of the centers polled had adequate control for absenteeism, and where there was control, the figures did not reflect the true situation.

The majority of the Labor Councils did not know the current labor legislation, and the administrations also violated the regulations.

Another point raised was that the union sections did not fulfill their function as counterparts, and in many cases did not get together with the administration in order to study the centers' discipline problems.

The representative of the municipality of San Miguel del Padron stated that in the study of 26 centers in that area, 273 violations of Resolution 24 were detected. That resolution deals with the placement of workers once they are evaluated.

8926
CSO: 3010

CUBANA AIRLINES TECHNICIANS TAKE FLIGHT RECORDER COURSE

Havana BOHEMIA in Spanish 9 Nov 79 pp 90-91

[Article by Yayo Morejon]

[Text] In a collision of two American Boeing-747s at the beginning of the year at the Santa Cruz de Tenerife, Spain, airport--the biggest accident in the history of aviation because 577 persons died--it was determined that the cause was not a language misunderstanding between the crews and the control tower.

The determination was made possible by the "black boxes" which the airplane were carrying.

This equipment, depending on the model, can record hundreds of types of flight information (the type installed in the new Soviet TU-154 planes, whose specifications served as the basis for this report, records more than 200 types of information) which, when retrieved, give a very detailed account of the manner in which the flight took place.

However, the most important function of this equipment is not exactly that of providing data which explain an accident. On the contrary, the most important role of the black box is the maintenance of permanent control over all flights to prevent accidents.

That is, these black boxes are methodically studied at the end of every flight to determine whether the crew followed established flight procedure. In the event of any deviation, its recurrence in subsequent flights can be prevented.

Nothing was known about the readout of these black boxes in Cuba. However, at a Berlin meeting of aviation companies from CEMA countries, it was agreed that our country should also have such technicians. And the opportunity was offered for these technicians to be given the required training in flight recorder (black box) readout and analysis laboratories in the Technical Maintenance Unit at the Sheremietevo Airport, the main Moscow airport.

Cubans selected to attend this course were: Lazaro Mendez Castillo, an instrument electrical engineer from the Directorate of Engineering; Manuel Espinosa, AN-24 captain and a member of the Accidents Commission of the Cuban Aviation Enterprise; and Rafael Castro San Roman, from the Directorate of Aeronautical Regulations. We talked at length about the black box and its use with the first two men (Castro San Roman was abroad). The information we offer below was taken from the talk we had while they were showing us several black boxes at the Jose Marti International Airport in Havana.

The First Black Box

The first model of these flight recorders is quite simple. It is known by its model number, K 3-63 (in Russian the K is the component; the number 3 means it records that number of categories of information; and the 63 possibly is a reference to the year of its installation in a specific model of airplane). The black box is a barograph which records data on the plane's altitude. It is used in the AN-2 airplane which is principally for agriculture and in the practical exercise classes of the aviation school, particularly when the students make short flights (about 50 kilometers) or a flight to the sun zone (outside the school area). In these cases, the K 3-63 records the discipline and expertise with which the student, without an instructor, flies the airplane.

Of course, the technicians do not like to place this flight data recorder in the black box category; they say that it is too simple. However, it is so useful that it is installed aboard all CUBANA airplanes, in addition to the other more sophisticated flight recorders with which they are also equipped. (Another drawback of the K 3-63 noted is that it is not protected against accidents.)

The MSPR 12-96

This flight recorder is called a black box by everybody. Its acronym is interpreted as follows: M is magnetic; S, system; P, data; R, recorder; 12 is the number of kinds of data recorded; and 96 possibly means the series to which it belongs.

The fact is that our black box is not black, nor is it a box in the conventional sense. It is an orange-colored sphere, the size and shape of a pumpkin. And that is what everyone at the airport calls it: the pumpkin. It has this bright color so that it can be located easily in the event of an accident; and it is spherical so that it can better withstand blows (it can withstand pressure up to 100 atmospheres and a temperature of 1,000° for 5 minutes).

IL-62 airplanes have two recorders of this type: one fixed and duly protected and another which is easy to remove and which is the one used for flight control. Every model of airplane has a place for the black box; however, in general, the preferred location is toward the tail, where it is well protected.

In the IL-62s, the black box is also located in the rear, in the area of the engines. Including the K 3-63 recorder, the IL-62s have three flight recorders. (The flight recorders installed aboard TU 144s and 154s even record the pilot's pulse rate and arterial pressure.)

The MSPR 64

The MSPR 64 is another model of Soviet flight recorders which can register up to 80 data categories and which is one of the recorders installed in the IL-62s. We are told that this flight recorder registers 47 categories of analog data and 32 categories of command data. Let us list these categories.

The analog data categories are those which give speed, altitude, etc. The command categories of data merely question "yes" or "no." Example: Is the landing gear being lowered? Of the two kinds of data, the specialists say that analog data is more important. (Later we will list some of the analog data.)

The MARS Voice Regulator

Modern airplanes also have a voice recorder (MARS) which has four tracks. One track records what the captain says to the outside world; another what the navigator says to persons outside his plane; another records intercommunications; i.e., crew conversations with earphones on.

MARS does not record passenger conversations.

These voice recorders (the IL-62s have two) only complement the information provided by the black boxes. They are unprotected.

The LUCH 74

This equipment (in Russian Luch means "ray") consists of an analog computer which is used specifically for the work of reading out the flight data recorders. In Cuba, we use the MP-64 reader with an in-line NEBA oscillograph (left photo on opposite page).

Generally, flight recorders can register only the last 25 hours [as published] of flight which are the most important (just as the most important flight operations are: descent, landing procedures and landing itself.) The voice recorder covers the last 30 minutes of flight.

When a flight is to be made, even before the engines are started, the black boxes and the voice recorder must be turned on; however, if this is not done, when the takeoff run begins the boxes will automatically turn on.

Some of the Data

The following are some of the analog data which the MSRP 64-2 registers aboard IL-62-M airplanes:

Temperature of outside air	in degrees centigrade
Barometric height of flight	in meters
True height of flight	in meters
Indicated speed	in kilometers per hour
Geometric [en grade] angle of attack	in degrees
Lateral overload [sobrecarga]	in units of gravity
Vertical overload	in units of gravity
Position of elevator	in degrees
Angle of bank	in degrees
Magnetic bearing	in degrees
Angle of pitch [cabeceo]	in degrees
Position of right aileron	in degrees
Position of control column for engine No 1	in degrees
Fuel consumption of engine no 1	kilograms per hour
Revolutions of rotor or low pressure compressor of engine no 1	percentage
Position of control column for engine No 2	in degrees
Fuel consumption of engine No 2	kilograms per hour
Revolutions of rotor of low-pressure compressor of engine No 2	percentage
Position of right flap	in degrees
Drop in air pressure between cabin and atmosphere	kilograms per square centimeter



The famous airplane black box which is orange rather than black.



Manuel Espinosa, AN-24 captain and a member of the Accidents Commission of the Cuban Aviation Agency, and Lazaro Mendez Castillo, instrument electrical engineer. Both men, along with Rafael Castro San Roman, a pilot with vast experience, whom we could not interview because he was abroad when we made this report, took a course in the study and analysis of flight data recorders (black boxes) in the USSR.



Detail of one of the components of the MSPR 12-96 black box

B143
CS0: 3010

BREAD QUALITY DEFICIENT IN ALMOST ALL PROVINCES

Havana TRABAJADORES in Spanish 22 Nov 79 p 1

[Article by Renato Recio]

[Text] The most recent inspections of a large group of bakeries throughout the country confirm widespread opinion that the quality of bread, far from improving to acceptable levels, has worsened.

During the first half of this year, nearly 200 bakeries were inspected all over the country. According to the information released by the National Quality Inspection Center, of the Ministry of the Food Industry, the deficiencies noted the year before are generally still present.

Old bread, deficient loaf formation, poor baking, low fat content, weight irregularities, deficiencies in the fermentation process, low yeast quality, also affected by the lack of refrigeration, and improper flour mixtures due to inadequate supplies and technological incompetence are the principal factors in the low quality of the bread.

The National Union of Food Industry Workers, in a document drawn up based on the experiences of the assemblies, meetings and plenary sessions held to study these problems, stresses the need to give high priority to the maintenance of bakeries and sweetshops, as these establishments are in truly disastrous conditions.

The same document points out that ovens have not been maintained properly, and that in the vast majority of provinces there is no definite plan to solve this problem.

Of the 184 bakeries inspected by the National Quality Inspection Center, 95 had deficiencies in the ovens. The ovens are the key factor in quantity and quality of production.

The data supplied by the inspections reveal a lack of supervision and enforcement on the part of the administration with regard to the quantity of fat that must be present in the finished product. The standard of that content has been set, and the bakeries have been informed of it.

In the first two quarters of the year, for example, 24 bakeries were inspected in Havana, of which 15 had low fat content in their bread. The other 9 bakeries had fat contents well above the standard, which is another serious violation. This was undoubtedly what is known as special bread, which is sold to a small number of consumers and to the bakery's own staff, who use the bread for personal consumption.

Although the experts agreed that bread may be of poor quality even if it does have the required amount of fat, since fat content is not the deciding factor in bread quality, there is no doubt that this phenomenon is very significant: if the managers are not capable of controlling the use of fat, and if they allow fat to be misappropriated through a lack of supervision, laxity, negligence or complicity, they can really do very little to eliminate the technological incompetence that does indeed have an effect on the quality of this valuable product.

8926

CSO: 3010

DOMINICAN REPUBLIC

BRIEFS

BOSCH ON EMIGRATION--Santo Domingo--Former Dominican President Juan Bosch has declared that current emigration from the country is reliable proof of the precarious conditions of life that exist in the rural areas of the Dominican Republic. Bosch said that as a result of the illegal territorial expansion of the oligarchy, peasants are forced to sell their land and become farm workers, and at times become exiles in other countries. The Dominican Liberation Party leader criticized the position of the government which has taken no action to halt the exodus. Government figures maintain that the 500,000 Dominicans living in exile benefit the national economy with the entry of more than \$100 million to the country annually. [Text] [FL262316 Havana Domestic Service in Spanish 2230 GMT 26 Dec 79 FL]

CSO: 3010

GRENADA

BRIEFS

AMBASSADOR TO VENEZUELA--The thirty-seven year old dean of students of Saint Augustines College has been named Grenadian ambassador-designate to Venezuela, writes Mark Beckford. "I'm very happy to be able to do something for the good of Grenada" said Mr Matthew William. In an exclusive interview yesterday, Mr William explained that the prime minister of the new revolutionary government of Grenada, Mr Maurice Bishop, in September asked him to consider the post. "In early October I accepted it." But Mr William would not discuss his political beliefs. "I'm not a politician as such, and I'm not keen on voicing my political or ideological beliefs," he said. However, he did say that Maurice Bishop's government was socialist and has received aid from Cuba, but he strenuously denied this meant, as some people have charged, that Cuba has a stranglehold on the country. "The general trend is that because we have accepted aid from Cuba everyone is saying that Cuba has control of the country. There is no need for us to refuse it (aid from the Cubans) when it is most welcome," he said adding that aid from the Cubans was considered a gesture of friendship and cooperation. "We are not partial to aid from any country. As a matter of fact we are receiving aid from Venezuela. The Government of Grenada has very good support from the people and anytime this support stops, the government will know it is doing something wrong," he said. "We have gotten aid from the Cubans and because someone frowns on it, does that mean that we are going to stop?" In addition to being named ambassador-designate to the Grenadian Embassy in Venezuela, Mr William has also served on a mission of civil observers set up by the Organisation of American States (OAS) to mediate in a border dispute between Nicaragua and Costa Rica. [Excerpts] [FL141530 Nassau THE TRIBUNE in English 11 Dec 79 p 1 FL]

CSO: 3020

GUATEMALA

COMMUNIST LEADER INTERVIEWED IN CARACAS

Caracas TRIBUNA POPULAR in Span^{ish} 17-13 Dec 79 p 14

/Silvia Coronil interview with unidentified Guatemalan Labor Party leader in Caracas; date not given

/Text/ At this time in Guatemala broad social and political forces are uniting to achieve democracy, popular wellbeing and national independence.

This is the rallying cry the Political Commission of the PGT /Guatemalan Labor Party/ Central Committee is using in its efforts to overthrow the dictatorship, a PGT comrade passing through Caracas on his way to Europe said.

And he added: "The statement issued on the 30th anniversary of the PGT signifies an important change in the party's policy with respect to taking advantage of the present situation, the united movement that is taking shape, and the proposal calling for a platform whose main goal is to unite the various political and social forces opposing the dictatorship around a program that includes human rights, elections, dissolving the military gangs, higher wages, price controls, agrarian and tax reforms, literacy campaigns, opposition to imperialist interference and the belligerent blocs (CONDECA /Central American Defense Council/ and so forth), control of foreign investments...In short a platform that will give cohesion to and unite the antidictatorship movement."

Armed Struggle

/Question/ Nearly all political parties, including the communist party, we tell him, endorse guerrilla warfare which gives the revolutionary process in Guatemala a character all its own. Could you tell us how that decision was reached?

/Answer/ The Fourth PGT Congress was held in 1969. At that meeting the Guatemalan revolutionary process was defined as a process that evolved along the violent road with a strategy of revolutionary warfare of the people, a strategy with which all revolutionary organizations in the

country agree. All leftists are engaged in armed struggle. Discussion centers on methods and on the proper time to use these methods.

In the present configuration the agrarian, popular and anti-imperialist revolution in the country is going through a necessary transition of concentrating its forces on the struggle for democracy and national independence.

That concept is not completely shared by everyone yet. For example, the Guerrilla Army of the Poor (EGP) calls for unity only in the form of struggle. The party maintains a fraternal attitude between these two positions but it suggests that discussions should center around a program of struggle.

/Question/ What are your chances for success?

/Answer/ It is necessary to prepare a plan that will guarantee that the people will be brought into the struggle and that the latter will not become just another adventure.

The struggle cannot be waged without the masses, rather it must come from them. This is the Leninist concept of armed struggle. It is in this respect that we have differences with the extremist groups of the left which claim to represent the masses. The existing conditions in the country are conducive to a violent confrontation.

/Question/ Historically, how long has there been armed struggle?

/Answer/ During the decade of the 60's, the revolutionary movement was defeated by the military, resulting in a significant setback for the revolutionaries. The reasons for this lay in the isolation of the masses from the guerrilla movement and in the failure to have a plan for bringing the people into the struggle which could be put into practice. The EGP was formed in 1973 and this made the guerrilla movement popular. There was a time, too, when the rich fought against the poor, a simplistic idea of the class struggle which has been overcome.

The Victory in Nicaragua

/Question/ It is obvious that the Nicaraguan Revolution has been an impetus to the struggle for liberation in Central America. What specifically has this meant for Guatemala?

/Answer/ The influence has been direct in many respects. Unity is indispensable to the progress of the revolution and, in addition, there is a need for a broad and skillful policy that is capable of uniting all forces against the dictatorship, of having them join in the rallying cry. On the other hand, there is a tendency (which has not materialized yet either organizationally or politically) by the bourgeoisie to establish

its own program. This coincides with imperialism's present policy which seeks to create forces that will intervene in the social process, as in the struggle of the Guatemalan people against the dictatorship.

The Church and the Army

/Question/ According to what we have seen, some groups within the Latin American church have played a very important role in our people's struggles for liberation. The denunciations of Helder Camara in Brazil, the Chilean Vicariate of Solidarity, Archbishop Romero in El Salvador, the Archbishop of Vieques Island in Puerto Rico, Ernesto Cardenal in Nicaragua, Camilo Torres in Colombia and so forth. What is the church doing in Guatemala?

/Answer/ The church has not ignored the struggle of the social classes, although its involvement has been less intense than in the neighboring countries. Top church officials have close ties with the reactionary forces and the dictatorship. They are even involved in the fascist process. But there are progressive groups that speak of fighting for land, for life and against repression but their influence is limited.

/Question/ What is your position on the army?

/Answer/ In Guatemala a fascist military clique has arbitrary control over the army. The army has undergone substantial changes. In 1963 when the fascist dictatorship came to power, the army had 12,000 dispersed and poorly equipped and trained troops. The army now has 40,000 troops that are divided into 9 brigades with highly sophisticated equipment. It is the best equipped in the region. The United States provides most of its logistical support, although it also receives assistance from the Zionists. I should point out, however, that there is within the army a group that opposes the actions of this fascist clique.

8599

CS0: 3010

BRIEFS

REFUGEE ACCEPTANCE--The Guyana Government is to consider proposals for the resettlement in that country of refugees from Dominica and Southeast Asia. In making the announcement last night a government spokesman said the matter would be dealt with in discussions between state officials and a joint team from four international religious relief organizations. The spokesman noted however, that the discussions did not apply agreement in principle to accept refugees in Guyana. Dominica was devastated by a hurricane in August, leaving some 60,000 people homeless, while in Southeast Asia there have been thousands of refugees from both Vietnam and Kampuchea. [Text] [FL192202 Kingston Domestic Service in English 2030 GMT 19 Dec 79 FL]

CARS FROM THE USSR--Guyana is soon to begin importing Soviet made motor cars. The disclosure was made by an official in Prime Minister Forbes Burnham's office, Mr Chris Nascimento, who has just returned home after leading a small government delegation to Moscow for talks. Mr Nascimento said that if the talks were successful an unspecified number of (Lara) motor cars would be imported by Guyana. He also noted that the main area left for agreement was that of shipping facilities. Guyana's importation of the Soviet cars would take place under a machinery and equipment protocol signed in Moscow during the visit there by Prime Minister Forbes Burnham in April of last year. The protocol allows for virtually unlimited credit with repayment over 10 years at an interest rate of 4.5 percent. Nascimento said this would provide very favorable purchase terms for the cars when compared with the traditional suppliers--Britain and Japan. [Text] [FL162133 Kingston Domestic Service in English 2030 GMT 18 Dec 79 FL]

CSO: 3020

HAITI

BRIEFS

PETROLEUM RUMORS DENIED--More and more persistent rumors circulated this week in Port-au-Prince regarding the discovery of petroleum deposits on Ile-a-Vache in the Baye des Cayes. This news, which was quickly denied by the authorities, coincided with the presence in those places of three geologists, sent by the Ministry of Mines, as a part of the prospecting operations undertaken by the competent organization in several regions of the country.

[Text] [Port-au-Prince LE PETIT SAMEDI SOIR in French 8-14 Dec 79 p 13]

CSO: 3100

JAMAICA

SEAGA SAYS GOVERNMENT 'CANNOT LAST THROUGH 1980'

FL201650 Kingston DAILY GLEANER in English 17 Dec 79 pp 1, 11 FL

[Text] Opposition leader Edward Seaga has called on his Jamaica Labour Party [JLP] supporters across the island to make themselves ready for elections in 1980, because "this government can't last through 1980".

Mr. Seaga made this call on Saturday night, as he addressed a large crowd of bell-ringing, cheering supporters at Redemption ground in Spanish town.

Before he made the call, Mr. Seaga said that unless the IMF comes to the government's rescue, Jamaica is going to experience early next year "an epidemic of shortages, the like of which we have never seen before in the history of this country." Government would be forced to cut the budget that is now before Parliament, by \$125 million.

"This is the extent to which that budget has been overspent," he said, adding that the government would be obliged to "cut right down to the bone in order to avoid any over-expenditure in this financial year.

Stating that this "trimming" of the budget can be done, the opposition leader said the government was now supporting a number of companies which it had bought out, plus others that it had, to the extent of \$100 million a year in losses that those companies experience on an annual basis.

There Will Be Shortages

"It is time for the government to decide whether it is going to stick with its socialist principles that it must own everything, or it will get rid of those losing companies, sell them out to people who can run them better and make money, and take that burden off the budget and off the backs of the people."

Giving an idea of the kind of shortages which he said the country would experience, beginning early next year, the opposition leader predicted that conditions would get so bad as to be worse than "in the days before Bustamante launched his offensive against colonial conditions."

He went on: "We are going to see, next year, food shortage. And I am not talking about the odd occasions on which you cannot get rice, or on which you cannot get flour or soap. I am talking about shortages, so that you won't see these things for a long time.

"You are going to see further shortages of spare parts, so that machines, trucks, pick-ups and buses will be lying idle, and people who depend upon these things for their livelihood will also be idled by the thousands. You are going to see shortages of raw materials, where factories are going to have to close their doors and thousands more of you who are now employed are going to be unemployed."

So far as the cutting of the budget was concerned, Mr. Seaga said it was time for the government to cut out of the budget a lot of areas of waste and a lot of expenditure that the country could not afford any more.

"This country can no longer afford the luxury of a Ministry of Mobilization, that is spending your money and my money and everybody's money to do PNP [People's National Party] work, while there is no money for food; while there is no money for drugs and spare parts and raw materials. This government will have to decide whether it is a high priority to provide money for API [Agency for Public Information] and for the propaganda machine they have at the JBC [Jamaica Broadcasting Corporation] while it has no money for the essential items that people need."

It was at this point of his address that the opposition leader predicted, "There is no way that this PNP government is going to be able to live with this budget and import all the essentials that are needed for this country," and urged Labourites to "make yourselves ready for elections in 1980."

The PNP, he said, had accused him of not wanting the government to finish its second five years in office; but he would remind them that no PNP government had ever finished the second five years.

Celebrations in Mobay

Prime Minister Michael Manley was in Montego Bay that night, holding a meeting to celebrate the third anniversary of the PNP's return to office in 1976. However, said Mr. Seaga, he did not understand how anyone could hold a celebration by giving people bad news; for the prime minister would have to tell the country that Jamaica was going to fail the December IMF test, that it was also going to fail the IMF test in January, and that the Bank of Jamaica as also the Ministry of Finance had run out of money.

The PNP government did not want him to tell the people of the country and to tell the world that they are "mashing up the economy and the country." But, he wished Labourites to know that because of the policies of this government, there was no new development, no new jobs and that people were losing their jobs. At the same time, young people who had passed the GCE [General Certificate of Education] examinations could not find work.

It was the Labour government that had built everything they saw around them in Spanish town, for not a single factory had been built by this government, which had caused a number of businesses to close down.

Duty to the People

Mr. Seaga said he had a responsibility to the people and a constitutional responsibility to warn people about danger, to advise them about wrongdoings and to advise them about the action that the government was taking, that was inimical to the people of this country. He had been accused of being an agent, but he would like his accusers to know that "the only people that I am an agent for are the people of Jamaica."

The government, he said, did not wish him to expose them in the capitalist world and in Jamaica--to expose the extent to which they were selling out this country to Cuba and to Russia. He then questioned: "If they didn't have serious communist intentions, why is it they are sending young Jamaicans to Cuba to be trained as communists?"

Following along the same line, he also questioned why the government had accepted as ambassador for Cuba, a high ranking man in the Cuban intelligence service, Mr. Estrada.

"If they did not have communist intentions, why have they sent PNP members as delegates to the Cuban Communist Party and received delegates from the Cuban Communist Party to PNP meetings?"

Policemen to Cuba

Mr. Seaga also questioned the sending of Jamaican policemen to be trained by Cuban agents in Cuba; and the permitting of Cuban and Russian secret service personnel to "infiltrate" the security services of Jamaica and to mingle with ministers of government. By comparison, the Jamaican ambassador to Russia, who was stationed in the capital, Moscow, could not travel more than 40 miles from where he lived in the city. In the meantime, the Russian ambassador to Jamaica was free to travel all over Jamaica.

Mr. Seaga said that, despite all its failings, the PNP government was not planning to give up easily, and had a strategy to provoke the opposition into retaliation, so as to create a situation in which it could call a state of emergency. Provocation, he said, was happening to Labourites in a number of places by a group of "hand-picked members of the police force."

Home Guard Powers

He said, "They propose to use home guards to do the same thing." These home guards had been given powers of arrest, of detention and the powers that a regular member of the force has, "and they are given arms."

Mr. Seaga said that when in 1976, the PNP government declared a state of emergency, both political parties were "almost evenly matched," so far as popularity went. "But today, the JLP controls the majority of the support throughout Jamaica--and to the extent that we control that support, any strategy that is used to call a state of emergency is because they know that the strategy is to rob them of an election."

He repeated his warning that if the PNP government tried to call another state of emergency, they should "lock down this country--every street, every village, every town, every mountainside and every river-bed."

Chairmen of the meeting, at which speakers were drawn from the upper and middle leadership of the JLP, were Messrs. Everard Williams and Desmond McKenzie.

CSO: 3020

MANLEY SAYS FUTURE HAS 'SERIOUS PROBLEMS' FOR COUNTRY

FL201625 Kingston SUNDAY GLEANER in English 16 Dec 79 pp 1, 3 FL

[GLEANER Western Bureau]

[Text] Prime Minister Michael Manley sees for Jamaica "a future of serious problems", but regards it as his "bounden duty to bring the country's people up to date with the types of problems and genuine difficulties that will have to be faced".

"Inescapable price increases in a number of items will be effective in 1980," Mr. Manley said at a press briefing yesterday hours before the PNP [People's National Party] rally at Sam Sharpe square, scheduled to be held here last night.

Mr. Manley told members of the press at the Montego Beach Hotel that he had a duty to the people and would at the rally give them a true picture of the country's position and the part they would have to play to bring about improvements.

"Jamaica is bound to fail the December's I.M.F. test. No way can we pass it," he said, as he blamed the failure particularly on the country's foreign reserves situation.

According to him, the anticipated figures of increase in the cost of some items, such as oil, as set even by the International Monetary Fund itself had been surpassed by thousands of dollars. The worldwide devaluation had hit Jamaica very hard, and failing the I.M.F. test was no fault of Jamaica, he said.

For the sugar industry, the picture for 1980 was more like one of gloom. Said Mr. Manley: "Unless something is done and very quickly, too, the industry might very well collapse. One thing is sure--an increase in the price of sugar is unescapable.

Mr. Manley said the sugar industry in 1980 was going to lose revenue in the region of \$70 million, "a very huge loss." The industry had been faced

with increases in the price of equipment, fertilizers other chemicals, diesel oil and other items, all of which had had an impact.

"Sugar and the sugar industry is still seen as one of Jamaica's main resources, providing at present employment for over 80,000 workers of various categories. Thus, government will have to think seriously in terms of protecting and saving the industry.

"It is with this in mind that Cabinet will on Monday look seriously into the question of improvement and to find ways to decide on the final price that should be guaranteed to sugar producers in a bid to ensure that the 80,000 workers remain employed," he said.

"With the country's budgetary constraints at the moment, government can no longer continue to undertake the subsidy on sugar to the tune of \$20 million," he added.

Mr. Manley said Jamaica had been greatly affected by "heavy and continual" international inflation and devaluation. For 1979, there had been predicted a 8 percent devaluation in the dollar but this has escalated to 15 percent. Mr. Manley said for now he did not see any further devaluation.

On the country's foreign exchange situation, the prime minister said the country's oil bill had exceeded the anticipated increase for 1979 by well over U.S.\$30 million. There were also expenses of millions of dollars incurred with other importation, particularly raw materials.

According to him, the country could not continue with the present prices of some food items over into 1980.

Restructuring

On the question of budgeting, he said the government was presently involved in "the most rigorous programmes" to control the deficit experienced in the country's current account.

"With all the inflationary pressures, estimates of deficit in the current account are now way out," he said.

"We now have to gear the budget so as to ensure various savings because at present between 60 percent and 70 percent of all tax revenues is spent on wage and emoluments to government workers."

Ways will have to be found to decrease this figure, he said.

Mr. Manley also spoke of the move to carry out certain re-structuring within the government--to realize effective managerial control, to decrease wasteful and unnecessary expenditure, and to instill the importance of production.

Production would be tackled with great efficiency, he said.

Finally, the prime minister stressed that next year would be one in which the nation would have to master agriculture for export and domestic purposes. There would be an increase in programmes to effectively mobilize youth, with emphasis on the importance of land use.

CSO: 3020

MANLEY SAYS HE WILL NOT CALL EARLY ELECTIONS

FL201630 Kingston DAILY GLEANER in English 17 Dec 79 p 1 FL

[GLEANER Western Bureau]

[Text] Prime Minister Michael Manley says he has no intention of calling an early general election as is being agitated for by some people in the society.

"I will call the election when I believe the right time has come. I do not intend to call it one day earlier than the right day--neither do I intend to call it one day later than the right time. It is going to be called on the right day, the correct day," the prime minister said.

Addressing a gathering at the PNP [People's National Party] mass rally held at Sam Sharpe square, Montego Bay, Saturday night, Mr. Manley added: "And when that day comes there will be 60 seats and the PNP is going to run 60 candidates. Your task is to prepare for that time.

Prepare that when I am ready and sound the trumpet you are ready to answer the call".

Mr. Manley was the main speaker at the rally which is said to be the first of a series of rallies to be held by the party throughout the island to mobilize the country towards production.

Mr. Manley described the upturn of the tourist industry in Jamaica during the last year and a half as "the great success story of modern Jamaican history." This upturn, he said, was the present talk of the country and everybody felt it was good.

He attributed the improvement in the industry to the very fine work by the government, a remarkable story, an example of magnificent management" by this government which has also given leadership to many sectors in the society." He also commended the improvement of the co-operation between the government and the many elements in the private sector as well as fine co-operation by the people of Jamaica. "We can now say with pride that the Jamaica tourist industry is one of the finest products of its kind anywhere in the world," he said.

He added that a lot of tribute should be paid to Deputy Prime Minister Hon. P. J. Patterson whose work should be regarded as magnificent, resulting in a tremendous contribution to Jamaica. He also spoke of the work of Mr. Jack Stephenson, minister of state in the Ministry of Foreign Affairs and Tourism.

"Although we are very pleased with the improvement of the tourism industry of 1979 we should not settle for that but aim for bigger things to realise a target of about some \$200 million of foreign exchange out of the industry in 1980", Mr. Manley said.

The prime minister warned of the challenges which faced the country for the future and said that there had got to be increases in prices of basic food items next year, "Not because we want it, but it is costing the country a lot to import." He pointed out that for 1979 alone wheat had increased by 34 per cent.

Greatest Challenge

He said the greatest challenge next year was for the country's people to produce more local food and there would be more emphasis on productive work and less emphasis on paper work.

Mr. Manley said his major test for 1980 would be to work with the Ministry of Agriculture and among farmers in Jamaica to increase local food production because the foreign prices were increasing at a terrific speed.

Other speakers included party chairman, Dudley Thompson; Senator Charles Sinclair Dr. D. K. Duncan and Hon. P. J. Patterson. They all stressed the importance of keeping the tourist industry viable and the necessity for more people to turn to the land to produce more food.

CSO: 3020

BUSINESSMEN TOLD NOT TO BE DISTURBED BY THREAT OF COMMUNISM

FL171640 Kingston DAILY GLEANER in English 11 Dec 79 pp 1, 17 FL

[Excerpts] Businessmen have been advised not to be perturbed at the "apparent threat of communism," to avoid being engaged in a cold war with the communist countries, and instead try to identify what products they could sell to those countries.

Finance Minister Eric Bell, gave this advice to businessmen as he spoke on Saturday night at a dinner at the Mallards Beach-Hyatt Hotel in Ocho Rios, at closing the session of a two-day Private Sector Organisation of Jamaica (PSOJ) seminar which considered the role of the businessman in the changing Caribbean.

"Were I a businessman," Mr. Bell said, "I would be progressive rather than reactionary." He said he would oppose change which was not right but accept change which was desirable and right.

The minister emphasised that it was also necessary to recognise the de-colonization process and to be a part of it as well as to respect regional political trends and try to influence them in appropriate democratic ways.

Earlier, he referred to recent social and political developments in the Caribbean, pointing out that it was very clear that people no longer accepted class and race barriers, and that youth wanted their rights.

Mr. Bell also expressed the view that while the businessman was entitled to a "just reward", over-conspicuous consumption habits could worsen social tensions in the society. He said that in the past the tendency toward such habits existed.

The finance minister stressed the need to create employment opportunities rather than substitute machinery. He noted that in certain areas if the businessman did not produce, a gap would be left which the government would have to fill.

He cited the tourist industry as an example, noting that it had vast potential for development in countries such as Jamaica and should not therefore be neglected.

Mr. Bell emphasised the need of production for export and explained how essential the CARICOM market was while pointing out that others could be further tapped.

JAMAICA

'GLENER' CALLS FOR NEW IMF METHODS

FL201655 Kingston SUNDAY GLEANER in English 16 Dec 79 p 10 FL

[Unattributed editorial entitled: "New Methods Are Necessary"]

[Text] The I.M.F. team must be pondering as to what next to do with Jamaica since we have not reacted too well to the ordinary rules of the game, that is, to the classic remedy of devaluation, the universal but rather inflexible tool of the I.M.F.

Was it made sufficiently clear to them in the beginning that markets for Jamaica's products are not really at the root of the problem of her deteriorating economy? While devaluation may have increased some exports, the demand for Jamaican produce has for many years been much greater than her capacity to satisfy them, with the possible exception of sugar.

It is well known that Europe would take many more Jamaican bananas, provided always that they are of good quality. Similarly with citrus: Jamaican grapefruit ranks high in the opinion of British buyers and oranges are greatly appreciated when they are to be found at all. Pimento and ginger and luxury fruits are always in demand and newer exports such as fine furniture, craft work and embroidered linens are welcome.

Jamaica has been called the land of samples. She is a small country and perhaps cannot produce large amounts of exports. But she could at least produce to capacity, which unfortunately she is not doing--far from it.

It has long been recognised that low production is the problem. With the exception of domestic food crops, which the small farmer grows naturally and willingly, the production of all other crops--particularly export crops--has dropped alarmingly.

There is no one outstanding reason for this disastrous position that one can put one's finger upon, but the main feature is discouragement. Everyone seems discouraged, the workers in the financial returns they receive (witness the many strikes and other industrial disturbances), but all--middle and other classes--also appear disillusioned. Bewildered and hurt

at the shortages, the exorbitant prices, the general depressed atmosphere to which they are not accustomed. Expectations exceed the capacity of the country to meet them and thus produce frustration.

We Jamaicans do not take readily to austerity; we may have been spoilt by having been bolstered over the years by foreign investment finance which has now disappeared. If the I.M.F. team could find out how best to encourage greater production they would provide the main part of the solution to our problems. Unfortunately the whole economic system, necessary equipment and everything else has been allowed to deteriorate to an extent that makes recovery doubly difficult.

CSO: 3020

MEXICO

BRIEFS

MEXICO CITY'S 1980 BUDGET--Mexico City, 26 Dec (EFE)--It was officially announced today that the Mexican capital's budget for 1980 will be the largest in Mexican history, totalling \$2,941,425,000. The main outlay (\$378 million), will be for expansion of the subway system. In addition, the Mexican capital will spend large sums on waterworks (\$205.11 million), afforestation (\$48.305 million), roads (\$82.18 million), education (\$63 million) and general city maintenance (\$69.93 million). [PA280033 Madrid EFE in Spanish 0222 GMT 27 Dec 79 PA]

CSO: 3010

NICARAGUA

NEWSCAST CLOSINGS STIR ROW OVER POLITICAL PLURALISM

Managua BARRICADA in Spanish 1 Dec 79 p 7

/Text/ The Sucesos and Aqui Centroamerica newscasts, the latter a joint program of reporters, will no longer be carried by Radio Corporacion, following a decision by the company to cancel the newscasts time slots.

The measure which affects 35 workers was taken by the board of directors and relayed to the two groups by letter. The company's new policy is to direct its own news programs rather than renting the time slot as it have done since its inception.

As a result of the action taken by the owners of Radio Corporacion, we spoke with companeros Manuel Eugarrrios, president of the Managua Broadcasters Union, and Freddie Rostran Arauz, secretary of the Nicaraguan Union of Journalists.

Eugarrrios said that he does not know what the intention is of the new policy adopted by the owners of Radio Corporacion but it does restrict the right of reporters to work in this country. He said that the appropriate inquiries will be made of the Ministry of Culture's Communications Administration.

"This is a form of aggression against salaried reporters," Eugarrrios said. "I find it surprising that Fabio Gadea and his associates would take this step since they owe their popularity and as a result their earnings to the serious and prestigious news programs like Sucesos."

"The businessmen who have taken this step are trying to maintain a monologue with the public and not allow the expression of different opinions, thereby contradicting the political pluralism which they have publicly proclaimed for so long," companero Eugarrrios said.

Companero Rostran said: "Nicaraguan journalism will not permit aggression against freedom of speech and that is why we have the Mass Communications Media Law." Rostran referred to the time when businessmen did as they pleased. "But that has come to an end," he said.

"We as a union will keep hoping and in keeping with the law, reporters who are members of the Nicaraguan Union of Journalists (UPN) will have to work there," he said.

At a meeting today at 1700 hours at the Alvaro Montoya Lara Journalist House, the problem of these news programs will be discussed since the action taken by the owners of Radio Corporacion might set a precedent against reporters who are in agreement with the revolutionary process.

8599

CSO: 3010

NICARAGUA

ARTICLE SAYS PROPAGANDA MUST CENTER ON PRODUCTION, ECONOMY

Managua BARRICADA in Spanish 25 Nov 79 p 3

/Text/ Taken from the weekly, PODER SANDINISTA, No. 6.

Our nation's production and economic problems should be given priority among our propaganda tasks. We have shown on many occasions that the immediate and basic task of the revolution at this time is to organize and politicize so that we can develop and increase production and the quality of production as well.

Therefore, our propaganda task at this time should be designed not only to achieve greater production but we should also explain why production is so important and disseminate this information.

It is not sufficient that our propaganda on production simply call for increased production. It must explain how we conceive it. We should explain that our production will be done in a different manner because this revolution was not made to maintain the same conditions and relationships of production. They will be of a different character. A true revolution means profound changes and that is why we are working.

The propagandists, our companeros who are responsible for disseminating information, the organizations of the masses, the ministries, everyone at this time should disseminate our set tasks for production. They should develop an exporter mentality, not one of importer. We should all work to consolidate our economy. We should all make efforts to increase the quality of our production. We should tell the workers that it is necessary to strengthen discipline in work, to redouble our efforts to imbue each worker with personal responsibility and with collective responsibility for production. We should stimulate initiative and make everyone aware of the need to rationalize our resources.

But that is not all we plan to do because propaganda is not limited to a particular activity. It is also our duty to scientifically explain what the repercussions are from the economic structure we inherited from the previous regime and how it affects us. We should explain how that

structure was devised, what its characteristics are and why there is a need to change it.

Only in this way will the propaganda on production bear fruit. Otherwise, our propaganda activities will have no effect on production.

The propagandists, our companeros who are responsible for dissemination, all organizations and everyone who works in the mass communications media should have as much information as possible on what tasks have been set for production so that our propaganda activities, the constant dissemination everywhere and by every means, will awaken the unshakeable determination and enthusiasm of the working masses and their full understanding of the various task to be accomplished. In this way, the production goals that have been established will be met on schedule.

The main goal of our propaganda activities is to develop a new social awareness to correspond more and more to the new society that we are building. To fight for this, to educate the masses in these concepts and ideas, to expand and make popular the small businesses where these are manifested, to stimulate exemplary activities, either individually or collectively, everywhere and in each place of employment or study, to defend these ideas and help develop them until more and more people accept them to the point where old prejudices and criteria are broken, that is the basic task of the revolution's orientation and propaganda work.

It is necessary to promote, for example, love of work. But to do this it is indispensable to condemn and repudiate what has been poorly done and, on the contrary, to praise, promote and dignify those who are committed to their job, those who make great efforts to meet production goals, those who do not give up when faced with difficulties and overcome them. It is equally necessary to promote individual responsibility in production. To help accomplish this task, it is necessary to severely criticize those who are irresponsible in their work, denounce the negative consequences of their actions and to show in a practical manner the specific advantages resulting from the personal responsibility of others.

8599

CS0: 3010

SANDINIST OFFICIAL DISCUSSES ECONOMIC RECOVERY PLAN

PA162103 Managua Radio Sandino in Spanish 1200 GMT 12 Dec 79 PA

[Text] Compañero Orlando Nunez discussed at length the economic recovery plan yesterday during a seminar to train Sandinist workers central cadres. He belongs to the political committee of the Sandinist Front's national propaganda and political training secretariat and was one of the representatives of our vanguard on the committee tasked with drawing up the plan.

Some of the more important aspects of this most ambitious and revolutionary program to reactivate our economy include: defending and consolidating the Sandinist people's revolution, maintaining and enhancing Sandinist hegemony [as heard] and joint people-business involvement in the development of our economy. It also seeks to produce basic consumer goods for the people, construction materials that will allow us to build livable homes, export goods that will fetch revenue with which to import the goods we need to reactivate firms and create new jobs, and produce the materials used by those firms.

It also seeks to involve private business in the plan, bearing in mind that the business sector is in charge of more than 50 percent of total production. For instance, private business controls 80 percent of agriculture, 75 percent of manufacturing, 45 percent of goods (and) services. Therefore, private business will have to play a more active role in improving production.

In turn the revolutionary government plans to grow 180,000 manzanas of cotton next year to increase its revenue and the number of jobs. As is known, the cotton harvest this year totaled only 20 percent as a result of the liberation war. In sum, it wants to solve unemployment problems. Thirty percent of the economically active population in Nicaragua is jobless.

More specific plans include the creation of a national firm to produce low-cost drugs. In addition to creating jobs, this initiative will solve vital problems of the revolution such as the drug shortage. The plan includes a two- or three-sided joint economic venture in which private business will have government and labor support to improve production and create jobs.

The economic recovery plan is ready and will be disclosed in the next few days. It is a thorough, serious and in-depth analysis of our national reality. We promise our listeners to take a public opinion poll when it is published so the people can discuss, and realize the scope of this ambitious project, which will show our revolution is making strides toward a promising future.

CS0: 3010

COMMANDER HENRY RUIZ EXPLAINS 1980 ECONOMIC PLAN

PA221506 Managua Domestic Service in Spanish 0330 GMT 22 Dec 79 PA

[Text] Commander of the Revolution Henry Ruiz, secretary general of the Sandinist National Liberation Front (FSLN), has told this station that the economic reactivation plan seeks to provide jobs for the large number of unemployed workers and peasants. He also referred to the role which private enterprise is going to play in this reactivation plan. Here are his statements:

[Begin recording] [Sentence indistinct] The plan is based on the country's ability to (?increase production) and to overcome the large foreign debt and the unemployment problem. We can define 1980 as a year of much work and organization. It is a year of organizational tasks at the level of the FSLN and the mass organizations. If we add this to the productive, political, social and organizational tasks, we can say that the year will be a very promising one since we revolutionaries like work and our people are showing that they are mature enough to carry out these tasks.

[Question from unidentified newsman] How will our working and peasant classes be helped by the 1980 economic reactivation plan?

[Answer] There is an entire work plan which begins with the construction sector in order to absorb the large number of unemployed in this sector. There are also plans for the agricultural sector. The private sector needs to understand these tasks. For example, the big cottongrowers should more actively join the revolutionary process. There should be less talk and more action to help the revolution. The revolutionary government is prepared to offer financing so that the large sectors of peasants in western Nicaragua will immediately go to work. Another plan deals with the coffee sector. We may have to implement a smaller program than planned in the area of replanting coffee. This is as far as production is concerned. In the social aspect, there is the literacy campaign and the fight against the health problem.

[Question] What role do you think private enterprise should play in the 1980 economic reactivation plan?

[Answer] We believe that the private sector should assume the responsibility it is being given. For example, there is hope that the [words indistinct] will be met satisfactorily in all sectors, such as cotton and industrial production. The goals have been established in the plans. We believe that fulfillment of these goals is a patriotic and revolutionary act. [End recording]

CSO: 3010

EDITORIAL COMMENTS ON ECONOMIC PLAN'S SIGNIFICANCE

PA142059 Managua BARRICADA in Spanish 10 Dec 79 p 3 PA

[Editorial: "The Importance of the Economic Plan"]

[Text] It is expected that the 1980 economic plan will be announced this weekend as part of the National Planning Coordinating Commission's strategy to resolve the problems inherited from Somozism's dependent and unjust structures and from the devastating war by which the Nicaraguan people paid for their right to achieve total emancipation. Its importance for the future of the revolution is unquestionable and, for this reason, the need for it should be from now on a topic of discussion in all popular organizations and revolutionary groups.

The principal problems in our economic reactivation are summed up in the story of misery, exploitation and backwardness arising from a dependent capitalist system and the anomalies imposed by the Somozist dictatorship. To this we must add the great deficiencies in our agricultural and livestock production this year and the subsequent drop in currency entering our country; the physical destruction of our industrial and commercial installations, which has led directly to a shortage of consumer products and therefore to a high inflationary index; and the unemployment caused by the current structural situation and the war which, as a crude reflection of our people's starvation and misery, now is 32 percent and is one of our most pressing problems.

The economic reactivation plan seeks to solve these and other problems, while laying the groundwork for a new strategy for economic development. Mechanisms will be established enabling us to overcome the rise and fall in international prices of our products, while increasing our exports and restricting imports to the necessary minimum. Meanwhile we will develop our own technology while seeking advice and aid that do not impose conditions on us that violate our sovereignty. The importance of producing basic consumer goods will be stressed by organizing the administration of state resources and providing incentives for the private sector.

A stand of national solidarity must be adopted in the coming months, when unemployment will become more acute at the end of the harvest period. This

means that a bloc of all classes [bloque pluriclasista] will have to confront the critical situation that will affect proletarian homes. Even before the new plan went into effect, the government's measures have already been implemented with the creation of an unemployment fund. But this is only one measure. In the near future the role of each of the country's sectors will have to be defined in the face of patriotic demands.

In particular, the private sector must show its willingness to cooperate by promoting investments to curb unemployment and generate work while eliminating the fear and distrust that discourage these investments.

The mass organizations have a new historic responsibility to direct the path of our revolutionary process. Discussions, contributions, criticisms and an understanding of each of their roles in the implementation of the economic plan is essential. Although it was not possible to achieve the desired level of participation during the drafting of the projects, this weakness must be compensated for in the upcoming phase--the execution of the plan.

CSO: 3010

NICARAGUA

D'ESCOTO, RAMIREZ SEE CHURCH BACKING REVOLUTION, SOCIALISM

Managua BARRICADA in Spanish 24 Nov 79 pp 1, 6

/Text/ The Catholic Church today is more committed than ever to our Sandinist Popular Revolution. That is the conclusion reached by the participants in a round table on the latest Pastoral Letter. The discussion was held at the Central American University's Neysi Rios Auditorium. The round table participants were Miguel D'Escoto, Sergio Ramirez, Roberto Gutierrez, Edgardo Garcia and Francisco Lacayo, moderator.

D'Escoto began his discussion by pointing out that the document is of great importance to the church in Nicaragua and Latin America. "The bishops are motivated by the same ideals that led our people to their heroic struggle and they identify with the people," our companero said.

"This letter reflects the happiness and the hope of an entire nation," Father D'Escoto said. "The bishops say that the letter is intended to encourage all Christians who participated in the insurrection and who at present are participating in the consolidation of the revolution."

"The church recognizes that it has not always been in step with our people," D'Escoto continued. "A church that does not echo the sentiments for justice and out of fear of reprisals does not adopt the positions which faith and brotherhood demand ceases to be Christian. But our church has gone through a real process of Christianization.

"I believe that an important part of the letter is its reference to socialism insofar as it explains what real socialism is and it supports socialism because it agrees with our goals. Also of special importance is its rejection of the capitalist road to development. This unfortunately is not something that we are accustomed to hearing because the church in many parts of the world has remained silent and it has given the impression that it is all right to be Christian and capitalist," D'Escoto said.

Companero Sergio Ramirez said that it is important to focus on the humanist element and the concept of man contained in this document. "I say this because the real ties between the Sandinist Popular Revolution and its

ideas and the ideas expressed by the church hierarchy are expressed through this concept which links them," the companero said.

"This humanist concept means the full development of man within a just society that cannot be accomplished unless man is rescued from unjust structures. When we speak of man we are not talking about an abstract concept but rather about a human being, the true Nicaraguan man who was on the outside, forgotten, humiliated, repressed. The man for whom the Sandinist Popular Revolution was launched," Ramirez said.

"In Nicaragua we can see clearly that we are dealing with the interests of the majority who have nothing and the interests of the minority who have everything. And now the Pastoral Letter is specifically asking these individuals to forget their personal interests and to share in the interests of the majority which are the true humanist interests," companero Ramirez said.

In commenting on the Pastoral Letter, Father Juan Hernandez Pico said that the bishops' appeal was primarily aimed at those Christians who have called themselves Christians but have been accustomed to abundance and luxury.

"What the bishops are doing is something that every Christian must do every day. Make practical decisions based on faith. That is why Christian peasants must decide between demanding that the revolution give them their own parcel of land or agreeing to continue as a paid worker under new circumstances for a while longer, trusting that the fruits of this work will be reinvested in the community," the priest said.

"Christian workers must make the same decision at the factory level and unemployed Christians in the slums must also make that decision with respect to the problem of taking over land. They must have full confidence in the leadership of this process so that they can back away from a spontaneous decision that was designed to produce an anarchical solution to an immediate need. Of course, bourgeois Christians must decide between reinvesting in Nicaragua under conditions with an improved profit margin, under socially different conditions, or placing their profits in foreign accounts."

"The bishops have made this type of Christian decision. They have placed their words, which in fact have some authority, at the service of a commitment to this revolutionary process," Father Garcia said.

Edgardo Garcia, representing the Association of Rural Workers, said that the Pastoral Letter embraces the aspirations we have fought for: "The church has issued many documents but only now has a specific appeal been made to all sectors to join in a single effort at the service of the majority."

The final speaker was Roberto Gutierrez who said that "the present Pastoral Letter issued by the bishops truly fulfills the promise to clearly define the Christian commitment to the new Nicaragua. We should recognize that the bishops' intentions are much more clear cut in this Pastoral Letter than in previous ones."

"I would say that it comes closer to the church's mission as a prophet because there is some self-criticism in this letter which I feel opens the door in a positive manner to the bishops to adjust to the opinion of the people which they are under obligation to guide. The bishops recognize that on many occasions they have not been up to meeting the demands of the people."

"Perhaps it would have been a positive step to learn from this Letter why the bishops were not up to the demands of the people during the recent state of affairs. I feel that we should interpret the meaning of this letter as the beginning of having the bishops put into practice what they preach."

"I believe that it is a very important decision. It is a road that can only bring positive results to our process which is one with Latin America's. It is relevant to the other Latin American Bishop Conferences. It is interesting to see that when specific matters are discussed one arrives at the same ideas which motivated the Nicaraguan Sandinists to make the revolution."

"We have yet to combine courage with goodness but that requires a ready willingness. That political willingness means adopting harsh and just positions," the speaker said.

8599

CSO: 3010

NICARAGUA

CARDENAL ANNOUNCES REBUILDING OF HIS ISLAND COMMUNE

Managua BARRICADA in Spanish 25 Nov 79 p 3

[Text] I would like to announce the rebuilding of the Solentiname commune which was destroyed by the National Guard as were many other things." This statement was made by Minister of Culture Ernesto Cardenal who lived for 12 years in that peasant commune.

"The rebuilding of Solentiname is part of the National Program of Reconstruction being carried out by the revolution."

INRA Takes Part in Reconstruction

Not only will the commune be rebuilt but a school for young peasant leaders from throughout the country will also be built. In addition, a poultry farm will be built with a 350,000 cordoba grant made by a Dutch agency. In addition, the INRA [National Institute for Agrarian Reform] will build a village that will provide all the conveniences and comforts of civilization. Until now, the people were dispersed and this is not permissible. Also, the island will be given a boat so that it can have direct contact with the mainland.

The work has already begun and it is hoped that Solentiname will become a working village within 3 months. It will be a modest but adequate hamlet.

8599

CNO: 3010

CHAMBERS OF COMMERCE CONVENTION ISSUES FINAL DOCUMENT

PA150424 Panama City ACAN in Spanish 0206 GMT 15 Dec 79 PA

[Text] Managua, 14 Dec (ACAN-EFE)--In their final document, the delegates to the First International Convention of Chambers of Commerce stated that "Nicaragua's reconstruction process is a continental cause and deserves the support and solidarity of all the world's free peoples." The document stressed that an appropriate climate is necessary so that Nicaraguan private enterprise can contribute to the phase of national reconstruction.

The business meeting which closed its sessions tonight at the Camino Real Hotel in Managua was sponsored by the Nicaraguan Chamber of Commerce which stressed its affiliation to the Federation of Chambers of Commerce of the Central American Isthmus (Fecamco), the International Association of Chambers of Commerce (AICO) and the International Organization of Employers (OIE).

Since Nicaragua is a signatory of convention 87 of the ILO, the document stressed the right to free association which protects both workers and employers. The document also emphasized the ILO's positive reply to the recommendation which the OIE made in Medellin, Colombia in September for providing necessary aid to the Nicaraguan employers so they can strengthen their organizations and improve services to members.

The document indicated that "the destiny of all the peoples of America is intimately linked to the reconstruction process of the heroic Republic of Nicaragua and the well-being and tranquillity of all the sister countries cannot be achieved by ignoring the suffering, privations and difficulties threatening the Nicaraguan people."

It also stressed that "the American men and women's freedom is depended by providing the Nicaraguans with the assistance, means and opportunities which will permit them to solve their institutional and economic crisis."

It added that "this is an effort toward the integration of an American community whose humanistic aspirations are based on solid foundations of a representative democracy which guarantees individual freedoms and the inalienable rights of all human beings throughout the continent."

It also pointed out that "the harmony and the joint effort of the government, businessmen and workers is the best formula for obtaining the social, economic and humanist transformations that all peoples desire, particularly the Nicaraguan people at this historic phase of their reconstruction."

The leaders of the chambers of commerce of 12 American and European countries stated that "private enterprise, in its social and humanistic role, is complying with its historic responsibility by providing the community with goods and services that are adequately and efficiently produced and are sold at fair prices, creating new jobs, paying just salaries to workers and contributing to an equal distribution of the wealth through the compliance of the tax system."

The leaders determined that in addition to increasing the standard of living, they must gradually free the people from their material needs and tend to the development of their physical and intellectual abilities fomenting the conservation of their historical folkloric, religious and cultural values.

They stressed that "the state is concerned with creating a favorable climate for investments and for the use of private, local as well as foreign, capital."

It was decided at the end of the "Declaration of Managua" that all the aforementioned principles will be applied in the continent and that in the case of Nicaragua, they should be imperatively applied in order to achieve the country's constitutional normalization.

The first international convention of chambers of commerce has completed its 2-day working schedule. The delegates will take part in recreational activities tomorrow in the Masayan artisan communities and the islets in the great Grenada Lake, in eastern Nicaragua.

CSD: 3010

OFFICIAL EXPLAINS IMPORTANCE OF NEW RENTAL LAW

PA221737 Managua Domestic Service in Spanish 0330 GMT 21 Dec 79 PA

[Text] The revolutionary rental law issued by the Junta of the Government of National Reconstruction last night is very important for all the Nicaraguan people. The law was received with great joy and happiness by the masses. Companera Norma [name indistinct], director general of the Rental Office, will explain this new law:

[Begin recording] The effects of this law are very important for the people. Everyone should know that there have been festivities and dances in many neighborhoods. The law has been well received and everyone is happy. Some owners who were still unwilling to overlook [the rents of] June and July will now have guidelines to follow as a result of the law. Some owners were criticizing us because we wanted to stir people's consciences about the fact that we had experienced a liberation war and that the rents of those 2 months should not be charged since our people were undergoing an economic crisis. Some owners were complaining about this but now they have to follow the law. As I said before, this law has greatly benefited our long-suffering and exploited people.

[Question from unidentified newsman] Companera, do you think this law is the most revolutionary law the revolutionary government has issued in the area of rents?

[Answer] Yes, it has caused a great impact among citizens. Of course, some owners will not be happy but they should understand there is a shortage of housing. This is a result of the past infamous regime and the destruction of housing. These owners should also participate in the revolutionary process.

[Question] What penalties are established for home owners who violate government regulations?

[Answer] If, for example, there are health violations in the tenement houses, the rental general directorate can intervene when we believe that they do not fill the necessary requirements for a [word indistinct] housing.

We are going to be alert regarding this so that the people will not continue to live in these horrible houses.

[Question] Does this law include all the companeros who live in housing projects?

[Answer] With regard to those which belong to the Housing Ministry, this has not yet been decided; this is still being discussed. The housing minister is the one who could explain this further. [End recording]

CSO: 3010

BRIEFS

COFFEE HARVEST--Although 20 percent of the coffee harvest has been lost, Jinotega will have a record harvest of more than 300,000 quintals this year, departmental coffee enterprise official Adrian Molina has told EL PUEBLO. [PA181430 Managua EL PUEBLO in Spanish 11 Dec 79 pp 1, 8 PA]

TOBACCO PRODUCTION--The tobacco production of the regions of Jalapa, Teotecacinte and Nueva Segovia will reach 23,400 quintals. The agricultural department of the Nicaraguan Agrarian Reform Institute (Agroinra) has planted 847 manzanas with tobacco. The Nicaraguan Tobacco Company [Tabacalera Nicaraguense] has planted 738 manzanas in Moygalpa and Ometepe. Agroinra sells its production on the international market while Tanic's production is destined for local consumption. [PA122337 Managua BARRICADA in Spanish 6 Dec 79 p 8 PA]

CIVILIAN PILOT'S SCHOOL--Armengon Lara Cruz, director of civil aeronautics of the Defense Ministry, has reported that a civilian pilot training school will begin operation next year with a budget of \$230,000. He said Nicaragua needs to train more pilots because many have left the country. The school will be located in the Los Brasiles agricultural airport outside Managua. [PA081333 Managua Radio Sandino in Spanish 0300 GMT 6 Dec 79 PA]

GOVERNMENT HOUSE SECURITY--Manuel Espinoza, spokesman for the reconstruction junta, has reported that the obstacles preventing vehicles from traveling in front of the government house on Sandino Avenue will not be removed. Many drivers have been complaining about the traffic jams in nearby streets due to these obstacles. Espinoza said the obstacles were placed at the instruction of state security, and they will not be removed until more efficient security measures can be taken. [Managua EL PUEBLO in Spanish 4 Dec 79 p 3 PA]

CHRISTMAS SHOPPING--The normalization of social life among the middle class is evident with the increase of Christmas shoppers in shopping centers. BARRICADA interviewed store managers in the Managua commercial center who reported that sales have increased in the past few days. [Managua BARRICADA in Spanish 4 Dec 79 pp 1, 7 PA]

ENERGY INSTITUTE DIRECTIVE COUNCIL--The Nicaraguan Energy Institute's [INE] new executive council took office today in the presence of Companero Moises Hassan Morales, member of the national reconstruction government. The council includes reconstruction government representative Moises Hassan; INE General Director Companero Emilio Rappaccioli; Planning Ministry representative Companero Alejandro Rodriguez; Industry and Commerce Ministry representative Companero Harold Montealegre; Transportation Ministry representative Companero Carlos [name indistinct]; central bank representative Companero Arturo J. Cruz; labor associations [Sandinist Workers Central] representative Companero Donald Membreno; Pedro Jose Alvarez, representative of the Nicaraguan Association of Engineers and Architects and one representative of the private associations. The new members were sworn in by Companero Moises Hassan, member of the national reconstruction government, who briefly reviewed the council's objectives and the council members' responsibilities. [Text] [PA21427 Managua Domestic Service in Spanish 0330 GMT 21 Dec 79 PA]

UNESCO AID--UNESCO has promised to provide aid to Nicaragua in the areas of education, science, culture, technology and telecommunications. In the communications area, it will help the New Nicaragua News Agency by providing technical and professional advice and donating equipment. It also reached aid agreements with the National Autonomous University of Nicaragua and it will help the nationwide literacy campaign. The UNESCO director general signed the documents establishing the cooperation with the Sandinist revolution. [Managua Radio Sandino in Spanish 1200 GMT 22 Dec 79 PA]

FISHING LARGEST EXPORT--Nicaragua exports 80 percent of the fish it catches. Bernardo Chamorro, coordinator of the fishing enterprises confiscated from the Somoza family, said fish are Nicaragua's biggest export. Eighty percent of the catch from six fishing concerns operating in the Atlantic and Pacific regions is exported to the U.S. market. Shrimp, lobsters and fish make up the main export to the international market. Sales amount to more than \$2 million monthly. Chamorro added that these concerns now operate 100 vessels. Production, therefore, has not reached its full capacity. It is hoped negotiations to recover vessels in El Salvador and Honduras will be successful and increase production. He said the best fishing waters are in the Atlantic near Cape Mosquito and Corn Island. [Text] [PA112323 Managua Radio Sandino in Spanish 0300 GMT 7 Dec 79 PA]

CSO: 3010

PRESIDENT, LABOR LEADERS VIEW PROBLEMS

PA150350 Panama City Televisora Nacional in Spanish 2315 GMT 14 Dec 79 PA

[Text] President Aristides Royo met this morning with leaders of all the country's labor centrals. Today he commented on the controversial Law 95 during a working breakfast held with some 20 leaders of all the country's labor centrals.

During 90 minutes President Royo heard all the presentations of the national labor leadership which claimed Law 95 had become a political instrument to pressure the government. The workers, who also protested the high cost of living and the growing inflation and unemployment said Law 95 had not produced the effect of increasing employment in the country.

Social studies made by the Planning Ministry claim that up to last year there were in Panama some 43,800 unemployed and some 18,000 part time workers.

Law 95 was passed on 31 December 1976; it halted collective labor contracts until last year and affected 24.06 percent of the economically active population employed until last year.

In his meeting with the labor leaders the president was accompanied by Vice President Ricardo de la Espriella, Labor and Social Welfare Minister Oyden Ortega and Minister of the Presidency Rogelio Fabrega Zarak.

Royo placed the final destiny of Law 95 in the hands of the National Legislation Council saying that his administration will respect the decision of the legislators with regard to this law. However, he said that this attitude does not exclude the executive's duty to give an opinion.

President Royo assumed a moderate attitude toward the matter but labor leaders demanded the total derogation of the controversial law. The Panamanian president said his administration was willing to seek, by means of a constant dialog with all national sectors, what he called a pact among business, labor and the executive in order to face the dire situation produced by the increase of international banking interests on loans as well as on inflation and recession.

The labor leaders asked the government for prompt action with regard to granting legal recognition to the Union of Banking Employees. At the beginning of this decade Panama became an important international financial center including some 95 banks which employ over 6,000 Panamanians. The president said the following with regard to the most important disputes between the government and the working classes:

[Begin recording] First, [words indistinct] I am going to speak so clearly it may border on rudeness. We do not want a bank employees union. We would rather have an association of bank employees because we have an international financial banking center.

It is true that these billions of dollars are not invested in the national economy but they effect the national economy and create jobs not only among banking employees. There are other workers building banks, they create jobs and bring a flow of money to the country. However, you must understand that this is an extremely sensitive sector to the problems a union could cause.

We want Panama to continue being a banking paradise, although we know that this is open to criticism. We believe we have valid arguments to say that we must not destroy this financial center nor endanger the stability which this international financial center must have.

Bank employees must have their conquests and concerns, they must present their problems. The banking system, because of its own contents and because of its transactions...[Royo changes thought] as a matter of fact we are thinking that Panamanian banks should work 24 hours a day, in order to advantageously compete with Singapore, New York and other cities so that a currency exchange made at 0300 hours Panama time, but 1200 in Japan, will not result in any loss because the Panama bank is closed. This would require working conditions very different from the regular working hours. An international financial banking center, with its own characteristics, could be affected by a banking union and especially in its concept as an international entity.

With regard to Law 95, I also want to be very sincere with you. I do not believe in the total derogation of Law 95. However, I want to say the following: We are very respectful of the attributions of the legislators who make up the National Legislation Council. It is not the president nor the executive who can derogate or extend Law 95. We respect the legislative power which must assume this task. The legislators must decide on the fate of Law 95. This does not mean the presidency cannot give an opinion at this time. It is our duty to do so. We do not want the total derogation of Law 95, and we believe we have valid arguments to support our opinion.

We believe that a solution must be found. There are things in Law 95 which must be maintained although an exception must be made for the

construction sector. With regard to the justification for strikers, for example, we believe that some points of Law 95 must be eliminated. However, I must say that they must be well analyzed. I want to give you my opinion and it is the following:

We do not believe in stability because it would affect free contracting and investment in Panama. I believe the following: I doubt that a businessman will dismiss a good worker. In our opinion stability in employment should be conditioned to efficiency, capability and productivity. I also believe that the bad worker must be replaced by another who has greater efficiency, capacity and productivity. [End recording]

CSO: 3010

'GUARDIAN' BLAMES GOVERNMENT FOR CIVIL SERVICE PROBLEMS

FL211705 Port-of-Spain SUNDAY GUARDIAN in English 16 Dec 79 p 12 FL

[Unattributed editorial entitled: "Really Senator, It's No Surprise"]

[Text] Senator Mervyn de Souza must be the only person in Trinidad and Tobago who was surprised when senior civil servants fail to obey directives or invitation.

We were definitely not surprised to learn from him that senior civil servants had apparently ignored a circular to be present in the Senate on call for ministers who might have required their advice or assistance during the course of the debate on the budget in the August chamber.

Governments make plans but it is civil servants who are entrusted with the responsibility of implementing those plans and the failure rate in this regard in this country is so great and our experience of this is so vast and varied that we are unable to understand how the senator was surprised by this new evidence.

If our civil servants cannot be bothered or concerned about the fact that through their attitude to work, citizens have to go without water, proper sanitation in schools, or hospital linen and drugs or must suffer untold delays and indignities to collect pension payments and benefits why should they consider attendance in the Senate important, especially in the light of how the \$5,000 million budget was passed between lunch and dessert in the House of Representatives if the politicians themselves [do] not consider the budget seriously, why should the civil servants?

Three Years of More

Senator de Souza stated that if anyone now tried to discipline the erring civil servant it could take three years or more to dispose of the case. He mentioned the case of a senior employee of a statutory board caught redhanded using the board's labourers for his private work. For the last three and a half years the man has been suspended without an end of the matter in sight. But whose fault is this, if not the government, who is the employer?

Sen. de Souza deplored anyone's blaming the government for not achieving full employment and he hinted that without compulsion full employment was not possible, yet he was showing more insight than he was aware of.

Lower rank civil servants often work two hours a day for years. Teachers play truant to drive taxis and trucks. Other public servants make a profession out of sick leave to purloin the public funds monthly.

If these observations of the general populace are more than myths then Sen. de Souza--like the auditor-general who keeps complaining in vain that civil servants "don't take him on" when he queries their financial procedures despite the tough laws requiring them to do so--must be seen as just a toothless paper tiger in the view of any typical civil servant or other worker in this country.

CSO: 3020

FERREIRA ON ELECTION PLANS; SAYS REGIME HAS SHORT LIFE

Madrid MUNDO OBRERO in Spanish 13 Nov 79 p 6

[Interview with Wilson Ferreira Aldunate, head of the National Party of Uruguay, in Madrid, by Domingo Peinado; date not given]

[Text] Wilson Ferreira Aldunate, leader of Uruguay's National or "blanco" Party, attended the meeting of Latin American political parties in Madrid organized by UCD [Democratic Center Union]. The situation in Uruguay, where the dictatorship is trying to orchestrate a travesty of a political solution, and is implicating in its maneuvers the so-called "traditional parties," the "blancos" and the "colorados," the two political forces with the greatest electoral support, which have been taking turns governing the country for many years, makes the position adopted by these political forces and their response to the plans of the military power even more important at present. Domingo Peinado has interviewed the Uruguayan politician on this subject, about the prospects for a true solution to the crisis in Uruguay.

[Question] What real solutions are being proposed today in Uruguay?

[Answer] The only possible solution is the fall of the regime. This may appear to be a foolish remark, however it implies a very definite political commitment. Recently, negotiated solutions have been mentioned several times, although the military men who control Uruguay have never said that they wanted to negotiate with anyone. What the armed forces are proposing is not negotiation, but acceptance of the terms of the political plan which they have presented.

What I want to say is that these are not solutions; on the contrary, they are tricks intended to determine who may enter. The military regimes of Chile, Argentina and Uruguay almost simultaneously brought out certain formulas, which when well analyzed not only did not mean any liberation, but were exactly alike with small difference in shading. In the case of Uruguay, perhaps because of the intrinsic stupidity of the military regime, a very curious circumstance exists, things are said perhaps a little more clearly, fewer euphemisms are used, reality is less disguised.

[Question] What exactly is the formula which the dictatorship is trying to impose?

[Answer] A constitutional plebiscite for 1980, approval of a constitution which will of necessity reserve for the military authorities all responsibilities directly and indirectly related to national security. And this concept of national security includes at the same time all matters of economic development. At present in Uruguay the constitution is clearly a myth: the sovereignty of the nation basically rests with the 14 generals in active service. This is the constituent power, and this is the power which will prepare the constitution and will submit it to a plebiscite, which will be held without the participation of the political parties. Later, elections in 1981, which according to what the armed forces have announced, will take place with only the two large traditional parties participating: the National Party and the Colorado Party. Rumors have gone around, without any source confirming it, that a third force could appear, which would be the Demochristian.

Politics Banned

But it should be added that 15,000 citizens are deprived of their political rights: all those who have been involved in "the crime" of having been elected at some time to a legislative post, those who have committed the sin of being chosen by their people for something are eliminated. Also eliminated, although they have not been elected to anything, are all those who at some time have had their names appears on lists of Marxist parties; who, according to the military, can be considered contrary to the national interest, prone to violence, or collaborators with other parties, etcetera. But in any case, don't worry too much over 15,000 banned citizens, because politics are forbidden for all citizens. Under those conditions, they will want to hold elections in 1981 with one single candidate, chosen by the armed forces.

[Question] What response can be expected from the "traditional parties?"

[Answer] Someone asked the colonel who was explaining this about the possibility that one of the two parties, or both, might not accept the candidate who was proposed to them; the colonel was very surprised, and said "How are they not going to accept, when we are also going to appoint the leaders of those parties?" So it is simply a case of robbery, of taking over the name of the parties so as to use them in the service of the dictatorship.

This regime, which has not been able to channel any current of favorable opinion, needs a new structure, at least formally. The elections will also have the feature of compulsory voting.

Perpetuation of the Dictatorship

The answer is not to begin analyzing what can at least be usable, the answer is: This is a fraud, a dirty trick, and an attempt to perpetuate the

dictatorship. So that this is of no use to us, particularly the formula which refers directly to our party, which is one of the two which are going to be admitted. It is unacceptable to us; first, because here the only thing which will be represented will be the name; but even if this were not the case, even if the regime should authorize the party to exist freely, we also do not accept that the system of two parties, which is traditional in Uruguayan politics, would in fact be imposed by law. In other words, we do not accept any electoral formula which does not allow the participation of absolutely everyone. Because either there is democracy, or there is not. The myth that there can be a little bit of democracy, a little bit of free elections is a fantasy, in this case a Uruguayan fantasy.

Finally, I believe that only by head-on opposition to the regime, which is increasing its terrible isolation more every day, can we liquidate it. That assumes unity of all political forces over and above difference party choices, and the consideration of this as a great national enterprise. And I believe that regime has a very short life expectancy.

8131

CSO: 3010

URUGUAY

BROU HEAD RELATES BANK'S ROLE IN EXPORTATION GROWTH

Montevideo EL PAIS in Spanish 22 Nov 79 p 8

[Text] At the 19 de Junio branch, located on 18 de Julio between Minas and Magallanes, the Bank of the Republic of Uruguay [BROU] presented awards last night to national exporters, in accordance with the policy that this extremely important institution of development has established. "If Uruguay does not export, Uruguay will have no future." This might be described as the slogan devised on this occasion in the remarks delivered by the chairman of its board of directors, accountant Moises Cohen.

The function, which was attended by the entire national government, concluded with a banquet tendered to importers and special guests. Olga Pardo Santayana de Artagaveytia, head of "Manos del Uruguay" [Hands of Uruguay], expressed appreciation for the tribute.

In his address, Cohen made the following comments:

"Today, as in previous years, we are gathered here again to celebrate 'Exporter's Day.' Within a few years, great progress has been made, of which all of us Uruguayans are proud; although we may never complete this constant progress that the country requires and demands of exporting.

"It is with this spirit that the bank pays tribute to the exporter, as one of the most important leaders in the nation's growth. The awards that are presented, a result of an oil-painting competition in which it was attempted to encourage national art, are the way in which we wish to lend distinction to the exporters who have been particularly outstanding as a result of their activity during recent times.

"This year, some changes were made in the determination of the awards to be given, aimed at achieving continuity in the exporter's effort in certain areas. We also announce that, next year, an award will be created for the greatest national value added.

"First, let us review some statistics on our exports which are telling in this regard.

"In 1975, the Bank of the Republic began this celebration. Four years have elapsed, and exports have increased:

"Year	U.S.\$
"1975	383,847,000
"1976	546,476,000
"1977	607,523,000
"1978	686,053,000

"And, during the first 10 months of 1979, we have \$650 million; which makes a projection of about \$780 million for the year.

"This is the result of an effort expended by the country, unaffected by failures or pessimism.

"The Bank of the Republic kept pace with this development through its growth.

"We estimate that its net worth, which amounted to \$16,704,360 as of 31 December 1974, will total \$500 million by 31 December of this year.

"Its assets rose from \$656,500,000 as of 31 December 1974 to \$1,518,000,000 as of 30 September 1979; with loans accounting for the largest share and, since they are final, representing a generation of wealth.

"So, we can claim that, for today's exporter, there is no forbidden area or field for engaging in his activity; and there are no limits on the Bank of the Republic either, for its action in the banking realm.

"We want to be ready to lend financial assistance to all sectors of production, with different types of credit. We have extended our area of action, which has always been the Republic of Uruguay, to include joint participation with foreign banks in loans made to borrowers both in the country and abroad. We are also affiliated, as shareholders, with three international banks, namely: Arlabank, with capital amounting to \$110 million, and its headquarters in the city of Lima; the Latin American Export Bank, with capital of \$99 million, located in Panama; and Eulabank, with capital of 18 million pounds, with its headquarters in London.

"These three banks afford a positive progress that is backing the investment which has been made.

"We have also taken the first steps toward initiating activities to be carried out directly by the bank abroad.

"Two top-level experts are working in New York where we have leased one floor at Rockefeller Center, on the Avenue of the Americas, to accommodate our representatives.

"Similarly, in the city of Sao Paulo, where we shall operate as a branch, we have purchased an extremely large property in the new banking center on Avenida Paulista, in a building with every modern comfort, the size of which will, at the outset, enable us to have large headquarters for the bank and also to use much of the space for a permanent exhibit of Uruguayan products, for which purpose we shall make it available to the Chamber of Industries and the Exporters Union.

"As a means of protecting the bank's reserves against the vicissitudes of the traditional currencies, we are keeping a supply consisting of dollars, Swiss francs, German marks and Dutch florins, all with income-producing investments mainly gold. In addition to the reserves of the Central Bank of Uruguay, the bank has a supply of 495,700 troy ounces of gold, 123,470 troy ounces of which are in the form of money, and the rest in bars; with an international value of approximately \$190 million.

"We have a strong bank, which should become increasingly stronger, because that is what the country needs, and because the present structure of our financial system requires the existence of a national bank the size of the Bank of the Republic. That strength is what, when it was needed, made it possible to provide refinancing for large numbers of agricultural producers and to continue to assist them. That strength is what made it possible to back transactions for both the public and private sectors, involving very large sums; operations which, at another time, would not have been accepted by the foreign banks. That strength is what is enabling us to face the future with optimism and confidence. Because the bank is thinking not only of the Uruguay of today, confronted with the serious problems of a world afflicted with the rise in oil prices and increasing protectionism, but also of the Uruguay of the next decade. That is why it has undertaken financial assistance for agricultural and livestock development, wherein its participation in the investment will be 60 percent; loans for forestation, on terms of 14 years with an 8-year grace period; loans for citrus fruit cultivation, on terms of 10 years, with a 6-year grace period; loans for soil conservation wherein, according to a study made by experts from the bank, erosion has been revealed to be devastating the country, at a rate of nearly 51 million tons of earth per year, the equivalent of 34,000 hectares per year; and, recently, loans for investments that will mean new energy sources, such as dams, solar energy, wind energy, etc; at an interest rate lower than the normal one on the market for operations of this type, which is an obvious subsidy for those loans.

"The bank is always desirous of meeting financially any present or potential need that will add something to our production, or enable it to be more economical. Our limitations are not determined by the available funds, but rather by the terms of a transaction which are not always sound.

"However, despite this aggressive policy of lines of credit, in some cases the bank has not received the response that was due it.

"In the case of the credit for the agricultural and livestock sector, the funds are already available; we announced this at this same celebration last year. And we are still waiting for the transaction to be arranged, so that it may be carried out.

"With regard to the line of credit for soil conservation, it has been in effect since 18 January 1977; and, despite the realization of the serious damage that our rural areas are suffering, only one producer, in Paysandu, with 500 hectares, has made use of this credit. These are frustrating examples which we must all bear in mind, so as to react with the awareness that the times in which we are living and the problems that we shall inevitably confront demand.

"In this policy of pressuring for greater efficiency in all activities, beginning with the loans for the next winter crops, the bank will make the granting thereof contingent on the fulfillment of certain technical standards on the part of agricultural producers. This will relate in particular to the date of preparation of the land and the use of measures for soil conservation.

"Therefore, on this occasion we again appeal to the agricultural and livestock producers, to the manufacturers and to everyone, to intensify their capacity and ingenuity, so as to increase the exportable production, so that we may have a better Uruguay with each passing day; because we all know that, if Uruguay does not export, Uruguay will have no future."

2909

CSO: 3010

REAR ADMIRAL SPECULATES ON INVESTMENT IN FREE ZONES

Montevideo EL PAIS in Spanish 21 Nov 79 p 5

[Text] Uruguay, which is strategically located in a privileged position in comparison with other nations on this continent, has arranged to create free zones in various parts of its territory. The guide to all of them is Rear Adm Francisco Sangurro, a well-informed specialist on the subject, on which overt views have often been expressed without a thorough understanding. EL PAIS has deemed it fitting to extract an article by the aforementioned commander from the "Naval Report," a periodic publication of the Navy's Public Relations Department.

What the Free Zones Are

Free zones or tax-exempt territories, as they are also often called, are closed off or industrial areas in which the tax exemptions include the entire spectrum, except for those relating to social security.

It must be made quite clear that the concept of a free zone by no means implies extraterritoriality, much less a loss or reduction of sovereignty for the principal nation.

Lately, a wide variety of versions of free zones has begun to proliferate. In view of this, it is considered necessary by this department to publicize the policy of leadership to which it is committed.

This policy (devised in complete accordance with the minister of economy and finance) adheres to the terms of Law No 14,998 of 17 February 1976, and its regulatory decrees, which very clearly define the concept of free zones, both commercial and industrial.

The assigned mission consists of collaborating in the growth of the national economy, by pursuing the following goals:

The creation of new sources of jobs, which will employ the largest possible contingent of zonal labor, subcontracted personnel, subsidiary manpower, etc.

The incorporation of modern infrastructure and technology.

A stimulus for industrial investment, both foreign and domestic.

Encouragement for the establishment of industries geared to exporting and, eventually, to the domestic consumer market.

The sale of services.

The promotion of regional integration.

With regard to the latter, it should be clearly understood that this will in no way interfere with our national development policy.

Hence, the free zones should act as subregions or centers of peripheral development, bearing closely in mind the fact that the entire territory of the republic is considered to be a "single, polarized geographical region."

Thus, a contribution will be made to partially offsetting the macroeconomic influence of the capital.

Care must be taken to prevent the eagerness for development from leading to a break in national regional unity, and to our becoming absorbed by other nations in those areas.

Colonia and Nueva Palmira

Consistent with what has been stated, priorities will be set for the various plans submitted by those aspiring to be users, applying a fundamentally nationalist strategy; and the forms of economic integration on the regional level, and the circumstances surrounding it, will be negotiated.

For all the reasons given, the granting of the privileges offered by the free zones will be made very cautiously.

Those who discuss or write about this topic are often unaware of aspects that are essential. For example, they forget that the free zone is a means to an end, and not an end in itself.

In order to be viable, it must come into existence as a natural requirement, based on geopolitical, economic and even cultural situations and circumstances that cannot be imposed. It must be borne in mind that, although it may facilitate and stimulate commercial and industrial activity, it lacks the capacity to create it.

The placement of the present free zones in Colonia and Nueva Palmira resulted from very carefully conducted technical studies, and is based on the conditions that have been cited.

Among many factors, account was taken of such circumstances as their privileged geographical location; because they are situated at the entrance to one of the largest hydrographic systems in America.

Their natural ports can be used as points of departure and easy access to that vast territory of 3.2 million square kilometers formed by the Plate Basin, to which (in addition to our country) Argentina, Bolivia, Paraguay and a large part of Brazil belong.

190 Million People in 2000

That basin is interconnected by the Parana (4,500 kilometers), Paraguay (2,500 kilometers) and Uruguay (1,612 kilometers) Rivers, with the addition of increasingly more extensive highway and railroad systems.

A population projection has been made whereby it is estimated that this basin will be inhabited by 190 million people by the year 2000.

Now then, it is a fact that, up until now, the free zones have been little used; and this is due to several reasons.

Since it would be tiresome to cite each one of them, only the most significant will be mentioned.

In the first place, a limiting factor very difficult to resolve is the cost of labor which, because of the effect of our social security, makes the Uruguayan worker comparatively more expensive than those from other countries which are cited as examples of successful free zones.

Another factor with a negative effect is that relating to energy supplies. Contrary to what is superficially claimed by some of those discussing this, not until 1995 shall we have available half of the power generation to be supplied by the Salto Grande dam.

So it is obvious that the establishment of new free zones will not obviate the aforementioned obstacles, but, on the contrary, will multiply them.

Enterprising Mentality and Nationalist Spirit

Nevertheless, the picture is not completely gloomy. Fortunately, we are beginning to discern favorable signs, due mainly to the orientation of the economic and financial policy of the government, which is geared to a market economy.

This, added to the stability and internal peace that prevail in the country, is achieving an encouraging reactivation of the interest of business owners of various nationalities, who are attracted by the unquestionable advantages offered by our free zones.

With the conviction that, within a short time, the positive factors will carry more weight than the temporary obstacles, we have undertaken to carry out various endeavors aimed at gradually improving the properties. In this way, we shall attain a proportionality between what is invested in improvements and what is accrued in the form of pecuniary gains.

To summarize, this department wishes to establish the fact that it intends to undertake its management with an enterprising mentality, directed toward development, and with a very lofty nationalist spirit.

1909

CSO: 3010

DAM PROJECTS REVITALIZED FOR QUEGUAY, CUNAPIRU WATERWAYS

Montevideo EL PAIS in Spanish 10 Nov 79 p 12

[Text] The construction of the hydroelectric dams on the Queguay River and Cunapiru, as well as the incorporation of a mini-turbine into the one that OSE [State Board of Sanitation] will build in Paso Severino, will be the first projects (in an extensive energy plan being analyzed by the Ministry of Industry) aimed at utilizing the many waterways which have not been used to date through traditional technical means.

This conclusion was drawn from the statements made by the minister, engineer Luis Meyer, to our correspondent in Trinidad, Mario Gonzalez, which we reported in our previous edition.

UTE [General Administration of State Electric Power and Telephones], with the technicians from the ministry who will soon be joined by an expert from the United Nations, is making a survey of the nation's waterways, their potential and the mean flow of the water resources.

The examples given by the state secretary included the Queguay River, the Paysandu, Cunapiru water course in Rivera and Paso Severino.

Utilization of the Queguay: a Long-Standing Aspiration

The construction of a hydroelectric dam on the Queguay River, the largest waterway in the department of Paysandu, is a long-standing aspiration of the residents of that progressive area.

From the time of the plans and studies of engineer Victor Sudriers, who promoted the project to feed the Uruguayan railroad systems when they were electrified, until the present, the utilization of the waterway has been one of the main concerns of the Paysandu population.

As early as 1948, at the time of the industrial impetus which transformed the coastal capital, the Queguay dam, the exploitation of the limestone in that same region and the university on the coast were goals never relinquished by Paysandu residents.

With the construction of a Portland cement plant currently being expanded, ANCAP [National Fuels, Alcohol and Cement Administration] fulfilled one of them partially. The university, offering university courses in Salto and courses in agronomy in Paysandu, was the first step in that decentralization of higher education.

All that remained was the Queguay dam, which was postponed by other more ambitious projects, such as Palmar, Baygorria and Salto Grande.

The readjustment in energy sources due to the oil price hike revitalized the construction of medium and small-power dams, while the mini-turbines or tube turbines were being perfected.

The Queguay River has its source in the northeastern part of the department, and flows about 300 kilometers, along a circuitous path, until it empties into the Uruguay River.

It has a rocky channel, and forms many rapids. The most voluminous is the "Queguay Cascade," 8 kilometers from Route 3 in General Artigas and 25 from the mouth of the Uruguay River. It has a larger fall in its upper course, but with less volume, known as "Blanquillo Fall." The river flows very narrowly confined by steep hillsides, making an artificial dam covering very few hectares of land.

The construction site is located about 30 kilometers north of the departmental capital.

Cunapiru

The other dam to be built (when the feasibility studies have been completed) would be the one on the Cunapiru water course in the department of Rivera.

This small water course was used at the turn of the century by the foreign firms that were working the gold mines in Minas de Corrales.

There a turbine was installed which provided power for the gold-bearing rock grinding complex, particularly at San Gregorio, a mine which is now abandoned and where the vestiges of those first attempts to use Cunapiru and its hydraulic power still remain.

Subsequently, UTE took over the mines, during the 1930's, later abandoning them because of the low output; but it began to supply electricity to Minas de Corrales from there.

The new techniques will make it possible to fully utilize Cunapiru, according to the experts analyzing the matter.

Paso Severino

The Paso Severino dam, which OSE will build to supply water to Montevideo, will also be used to generate electric power, by means of the installation of a tube turbine.

In his brief statements in Trinidad, Minister Meyer was categorical in asserting that his ministry is studying the total utilization of water courses, including the smallest ones.

2909

CSO: 3010

EXTREME LEFT WINS SIDOR UNION ELECTIONS

Caracas EL UNIVERSAL in Spanish 25 Nov 79 p 1

[Text] The extreme left, in results which surprised both AD [Democratic Action Party] and COPEI [Social Christian Party], won comfortably yesterday in the elections to the governing board of the SIDOR [Orinoco Iron and Steel Works] workers union, one of the most powerful in the country.

Actually, the fourth slate, which combined representatives from such ultra-leftist groups as Causa R, Committee for Popular Struggles, GAR [Revolutionary Action Groups] and the Socialist League, won 9 positions out of the 11 which make up the board of the SIDOR (SUTIS) union. AD took the other two places when its slate received 780 votes.

The winning ticket received 3,110 votes.

The MAS [Movement for Socialism], Unitary Vanguard and MEP [People's Electoral Movement] slate received only 137 votes.

The slate presented by MIR [Movement of the Revolutionary Left] and PCV [Venezuela Communist Party] received 213 votes.

COPEI received only 201 votes.

MUTIS, the fifth slate, received 210 votes. This slate was headed by the present--and now outgoing--secretary general of SUTIS, Malave.

Before these elections the SIDOR workers union was dominated by AD and COPEI, with seven representatives on the board.

8735

CSO: 3010

SPECIAL PROJECTS REQUIRE LARGE EXPENDITURES

Caracas EL NACIONAL in Spanish 27 Nov 79 p D-6

[Text] The decision of the national executive to seek additional financing through public credit for various special programs will again make it necessary for the country to seek resources from foreign countries.

This means that the debt will continue to grow and in turn will necessitate earmarking an even greater proportion of the budget for "servicing the debt," that is, to pay its interest and amortization.

As required by law, the Ministry of Finance presented a fiscal budget proposal for 1980 of 57 billion bolivars. However, it warned that with that budget for expenditures it would be impossible to fund all the programs planned and that the big investment programs would be left out.

Last week the executive approved the seeking of additional credit for 8 billion bolivars to continue those broad programs, among which are the Caracas Metro, the final stage of the Guri and the Special Housing Program.

In practical terms the government's decision means that these projects will not be phased out, that they will continue and also that some high priority projects will be started.

A document obtained by EL NACIONAL's economics section and which served as the basis for requesting the additional indebtedness involved in continuing the programs emphasized the contribution of some of these investment programs to increasing the country's productive capacity and to encouraging the rational use of those natural resources, located in different regions of the national territory, which have a high economic potential, as is the case with the final stage of the Guri, the coal, iron and steel project in Zulia and others for the alleviation of severe social problems such as housing, water mains and sewers and mass transportation.

The speed needed for the execution of projects in these areas is justified by the need to bring a prompt solution to the problems, as well as by the higher costs which are being added progressively by domestic and international inflation.

In addition, there is the fact that such projects as the Caracas Metro, electrification in Caroni and basic infrastructure projects carried out by INOS [National Institute of Sanitation Works] have been reprogramed, which alters the initial cost foreseen in the plans.

Overall Amount

The amount of investments to be made in the period from 1980-1984 in the Caracas Metro, housing construction, water mains and sewers, the final stage of the Guri and the coal, iron and steel project in Zulia amounts to 74,418,000,000 bolivars.

According to the first alternative, 19 percent, or 14,165,000,000 bolivars will be financed from ordinary resources and by the Venezuelan Investment Fund through contributions and loans, and the remaining 60,253,000,000 bolivars through public credit operations, which are being solicited in a proposed law.

A second alternative puts the total of the public credit operations at 31,229,000,000 bolivars, of which it is assumed that the remainder, 43,189,000,000 bolivars, will be financed from ordinary resources and by the FIV [Venezuela Investment Fund].

Whichever choice is made will also affect the decisions on the projects in question.

For example, with the first alternative, 18,211,000,000 bolivars would be earmarked for the coal, iron and steel project in Zulia, and it would end in 1985; with the second alternative, with a like amount (18,211,000,000 bolivars), the cut-off year would be 1988.

Public Credit

Public credit is resorted to when ordinary resources are not sufficient to cover the demands, and that credit can come from either the domestic or the foreign market.

At this time, however, the outlook for obtaining those additional funds in Venezuela is not bright, so that it is very possible that public credit will have to come from abroad; nor are conditions favorable at this time for obtaining large loans at terms and rates which are advantageous to the requestor.

In addition, if the aforementioned projects are delayed (some already are under way, such as the Metro), most of them will have to be built later, and at a much higher cost.

In any case, the carrying out of those projects will certainly add to the already large public debt which is so criticized by politicians and

economists, so that future fiscal budgets, in turn, will have an additional burden in having to earmark large amounts for servicing the debt.

In the document obtained by our economics section and further explained in an official dispatch, justifications are given for each project in connection with undertaking this new debt, which will have to be approved by the Congress.

8735

CSO: 3010

BRIEFS

CASTRO VISIT POSSIBLE--A visit to Venezuela by Fidel Castro, within the framework of the objectives of our diplomacy, has not been discounted, it was announced yesterday by Dr Gonzalo Garcia Bustillos, commenting on the results of his recent visit to Havana. "No possibility can be discounted when there are normal diplomatic relations," were the words of the high-ranking official when asked if a visit were planned by Castro to Venezuela or by Luis Herrera to Cuba. He said only that "that point has not yet been examined." Garcia Bustillos, silent on the subject, did reveal that he had talked with the Havana government about petroleum. Garcia Bustillos, in a disconcerting manner, urged newsmen to guess what subjects had been discussed during his mission to Cuba: "What subjects do you think were discussed"? Minister Garcia Bustillos asked with a smile. "Was petroleum, perhaps, the central theme"? he was asked in turn. "When Venezuela goes out to talk," the minister answered, "it has to talk about petroleum." In addition, he said that during his mission he signed no agreement with the Havana government. In an effort to break down the minister's reserve, he was asked if he had gone to Havana just to visit Fidel Castro, and he replied, in effect, that his mission was in response to an invitation from the Cuban prime minister. "I was responding to an invitation extended to me by Fidel Castro, and I talked with him on several subjects. Which ones? Well, all of them, all...." [Text] [Caracas EL UNIVERSAL in Spanish 27 Nov 79 p 21] 8735

TRADE WITH POLAND--Credit for importing Polish products has been offered by the Polish Commercial Bank [Bank Handlowy] to Venezuela, through the Institute of Foreign Trade (ICE). For this purpose the president of the BEP [Polish Commercial Bank], Marian Minkiewicz, talked with the director in charge of ICE, Dr Pedro Antonio Echeverria, to whom he expressed Poland's interest in strengthening economic relations between the two countries. The Polish banker also met with representatives of the country's commercial banks and expressed, as he did to the ICE, particular interest in opening future lines of credit to permit Venezuela to import Polish products. Minkiewicz indicated that Venezuela could import capital goods from his country, especially mining equipment, which could be used in the coal project in the state of Zulia. The president of BEP showed interest in the possibility of importing Venezuelan iron ore, a raw material of great importance to Poland. [Text] [Caracas EL NACIONAL in Spanish 26 Nov 79 p D-15] 8735

END OF

FICHE

DATE FILMED

22 Jan. 1980

D.D.